

BEFORE THE  
FEDERAL MARITIME COMMISSION  
WASHINGTON, D.C.

ORIGINAL

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 Robert Smith**

I am Laura May Carmack, Quality Manager for American International Forwarding, doing business as (d/b/a) AIReS, d/b/a American International Removals, d/b/a AIReS.

NVOCC License # 016250N , 2000 Cliff Mine Road, Pittsburgh, PA 15275. Branch offices are also located in Houston, Texas, Huntington Beach, CA, and Danbury, CT.

AIReS is very familiar with issues relating to the requirements for mandatory publication of ocean rate tariffs and is supporting the Association's petition to exempt NVOCCs from having to memorialize rates that have been negotiated with shippers in rate tariffs. AIReS is compliant with all current tariff filing regulations.

All AIReS clients are relocating transferees of National Corporate Accounts. The National Corporate Account Employees are being transferred to other countries for a given length of time. Prior to accepting a new corporate client, the AIReS supports a rigorous Request for Information (RFI) and meeting process. AIReS visits every prospective client office and key staff members. A variety of information is checked including Client Annual Reports, websites, marketing materials, etc. The information gathering process is a two-way process between the Corporate Client and AIReS. Once client information is verified and the corporate client is determined to be sound, AIReS offers the Account a Client Services Agreement which outlines terms and conditions, financial responsibilities, confidentiality, etc. of the upcoming business relationship. This is done before any shipment consignments are handled by AIReS.

Upon receipt of a signed Client Service Agreement, the AIReS Managing Director reviews the Client Service Agreement, requests a D & B Credit Report through the AIReS Accounting Department, and when approved, signs the Agreement on behalf of the Company. When the Credit Check is approved, then AIReS may provide moving services to the Corporate Client. The signed Client Service Agreement includes a rate matrix of quoted rates. Shipping costs are supplied to the National Account Client directly and not to the relocating employee, since the Client Service Agreement contract is signed by AIReS and the National account, not the relocating transferee.

Rates are established in the Client Service Agreement and held for the period quoted. Rates are dependent upon contracted rates with steamship lines, packing companies, truckers, and any entity that touches the transferees shipment. Rates are obtained from vessel operators, and often encounter periodic surcharge changes in BAF, Emergency Bunker, Peak Season, and GRIs etc. A 30 day notice is given for rate increases. Surcharges can change even where there are service contracts in place. AIReS utilizes less than a dozen steamship lines currently, ships approximately 7000-8000 containers per year, and rate quotations are provided to the National Account and Shipper and maintained in a soft copy computer system designed by in-house computer department.

The net weight, city, accessorials, etc. determine the final move costs and are calculated by the AIReS Rate Department, and in turn, transmitted to Sumner Tariff Service in Washington, DC for filing. Rates are filed on an individual move basis with Sumner Tariff Service. Most transferees do not move from and to the same cities, therefore, AIReS files rates through Sumner for between 6500-7500 combinations per year.

1. *Traffic moves exclusively on rates that are negotiated, often if not usually, on a shipment by shipment basis.*
2. *Because the traffic usually moves almost immediately after the rates are negotiated, it is often difficult to ensure that the rates are memorialized in tariff form before the traffic moves.*
3. *AIReS utilizes a standard rate quotation form containing clear sections on inclusions and exceptions, and the quotation form is signed by the National Corporate Account.*
4. *It is clear that shippers and National Accounts don't need or rely upon rate tariff since there have been no hits on company's tariff website by any shippers.*
5. *In view of the large number of shippers serviced and the large number of carriers used, the publication process is a very cumbersome and expensive proposition.*

*AIReS simply cannot afford the staff required to continually keep up with changing carrier tariffs, therefore, we file rates on a move by move basis. For example, if we have a client moving from Portland, Oregon today, we may not have another one for 10 years in that same traffic lane. Maintaining rates for that lane is not a productive use of time. Other inefficiencies with the current tariff filing system include the need to quote numerous rates for prospective customers, only a few of which may ultimately be accepted*

NVOCC Service Arrangements have not provided relief from the burden of tariff filing:

1. The benefit of confidentiality is not important, since no one accesses our rate tariffs anyway
2. NSAs still have to be written documents that have to be filed with the agency and the essential terms still have to be published in the tariff, so there is no cost savings
3. Many National Accounts and shippers don't want to sign NSA's since they don't want to be contractually committed.
4. NSAs too cumbersome except for large volume contracts with shippers; even there, many large shippers still prefer to avoid formal contracts.

Other concerns are:

1. Establishing a tariff website would be a waste of resources given our type of client base. It would also be useless since rates provide for a 25 mile radius of an origin or destination point and most clients move outside the given tariff radius.
2. The annual cost of subscribing to a tariff publishing service is on a per shipment basis and costs \$20 per shipment for the tariff filing and approximately another \$20 for AIReS administrative time.
3. The approximate number of hours and costs spent each month in maintaining the tariff website or making changes to tariff, and tracking which shipments require filing ranges from \$12-30 per shipment, totaling \$140,000 to \$210,000.
4. Computer Department development and maintenance, and costs of personnel assigned to tariff compliance add an additional \$30,000 annually.
5. AIReS has not established a charge for accessing its tariff and does not collect a fee since it is an unacceptable business practice to charge for access.

6. AIReS has the ability to track the number of accesses to our tariff filing, though to date, no one has requested to access tariff filings.

An estimated 2% of the company's costs are related directly or indirectly to rate tariff compliance.

Rates are separately negotiated with shippers as opposed to already being in your tariff 99% of the time.

I, Laura May Carmack 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 19, 2008

Laura May Carmack

Quality Manager

AIReS

2000 Cliff Mine Road, 6<sup>th</sup> Floor

Pittsburgh, PA 15275

412-788-0461