

\CARRIER RELATIONS REPORT
OCTOBER 2007

COMMITTEE MEMBERS:

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|--------------------|----------------------------|
| Michael Cunningham | - Hapag-Lloyd |
| John Rowan | - Matson |
| Ed Berlie | - Horizon |
| Jerry Jameson | - APL |
| Leland O. Karras | - ABF |
| Pat Mynsberge | - Roadway |
| Jean Paul Noens | -ILS |
| Tony Nowotarski | - Maersk Sealand |
| Ken Selvey | - Cartwright International |

This year the committee had 8 issues presented to it:

1. Code 3 American Flag vs. Foreign Flag usage under the DOD US C 05 contract:
 - a. Issue resulted from APL's announcement the in June or July of 2007 they were going to discontinue their 3 vessel American flag service between Seattle and the Far East, relocating those vessels to a Mid East service to/from the East Coast. The unauthorized message from APL's Asia Office was confusing and TSP's thought they had to ship via American Flag to Oakland and were seeking SDDC to reimburse for the Container drayage between Seattle & Oakland. SDDC in Ft. Eustis advised that where no through American Flag Service (P1) existed but a combination American Flag/Foreign Flag existed (P2) that service could be utilized without the TSP obtaining a Waiver. The Association's Counsel had re confirmed with the Maritime Administration that waivers were not need when utilizing the Government's USC 05 contract where no through American flag service existed between Ports.
2. Discontinuance of Code 3 Customs Clearance by Vessel Operators:
 - a. Both APL & Maersk Lines announced, prior to the filing of the IW 07 ITGBL rates, that they would no longer provide customs clearance services on Code 3 shipments. In checking the boilerplate USC 05 contract between the vessel operators and DOD, in most cases, it was the Government that was responsible to provide those clearances. In checking with SDDC they referenced Item 432 & 433 of the Solicitation defining the Application of the Single Factor Rate, wherein paragraph a. (5) (a)

stipulated that the Transportation Service Provider will arrange all customs clearance and other related services.

- b. APL offered to continue to provide the service but at an additional charge to the TSP of \$200 per FEU and Maersk offered to do it for a charge of \$150 Per FEU but both Lines made this offering contingent on HHGFAA requesting SDDC to convene a meeting of the participants of the USC 05 Contract (vessel operators) to amend that contract to allow the vessel operators to assess such a charge to 3rd parties at no cost to the Government. The Association declined because we were not participants in that contract and we would also be interfering with others of membership who would be offering those services.
3. Code 3 Transit time issues:
 - a. A concern was raised by a member that Maersk lines, in revising their transit scheduled direct calls in the Pacific, could possibly impact Code 3 transit times. However, the issue seems to have subsided.
 4. Code 4 vs. Code 3 usage in the Pacific:
 - b. The TAAFPO vessel operators lowered their Code 4 tariff ocean rates in the Pacific and from Asia points to 12 CONUS States the SDDC Code/Mode guidance to PPSO's was designating Code 4 over Code 3. The ISA is looking to meet with APL & Maersk to discuss a possible contract for Code 4 services.
 5. Evergreen Household Goods prohibition into India:
 - a. A member had reported that Evergreen had a ban on shipping HHG's into India. Upon investigation it was discovered that containerized shipments of HHG's were being left at the port of debarkation due to insufficient funds and shipper/consignee failure to pay India Customs fees/duties. Associate Members' Management Board member Yogesh Thakker worked with Indian and Chicagoland Evergreen Representatives to get Evergreen Corporate to rescind their ban.
 6. Maersk Lines elimination of Savannah & Jacksonville as B/L Ports:
 - a. Maersk eliminated its Savannah & Jacksonville Bill of Lading service without advanced notice to Industry. At least one member was negatively affected, having containers already stuffed and shipped via that bill of Lading Port. Maersk Lines has indicated that it worked to mitigate any loss to those TSP's that were caught with containers in the "pipe line".
 7. Intermodal fuel surcharges:
 - a. The Day Companies have advised they will no longer bill Intermodal Fuel Sur Charges as billable back sur charges. Two bills of lading received by the committee from trailer bridge indicated a nominal Intermodal sur charges in the port Jacksonville of \$45 per trailer. Ken Selvey has asked the line if these charges should be designated as

Bunker Sur Charges. Subsequently, the line has indicated that these charges were not Bunker Sur Charges.

8. Peak Season Ocean Charge:

- a. Some TSP's and the Day Companies reported that on Code 3 shipments they were receiving Ocean Invoices from Maersk Lines with Peak Season charges. This was reported to Tony Nowotarski of Maersk Sealand who said these were not correct and to forward any such Ocean invoices to his attention to be investigated. Tony's email address is tnowotarski@mllnet.com . Office phone: (703) 351-0109.