

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 MICHAEL W. COLEMAN

I am Michael W. Coleman, President of CV International, Inc. CV International conducts business as an international freight forwarder and customs broker, with an in-house NVOCC operating as CV Ocean Transport (Lic. No. 3454 N/F). We maintain offices in Norfolk, VA, Charlotte, NC, and Raleigh, NC with an independent global agent network.

As a member of the NCBFAA and NVOCC operator, I am very familiar with issues relating to the requirements for mandatory publication of ocean rate tariffs and I support the Association's petition to exempt NVOCC's from having to memorialize rates that have been negotiated with shippers in rate tariffs.

The competitive market place controls freight rates and, therefore, does not require rate publication to ensure fair rates are being provided to shippers. The market for ocean freight rates is highly competitive and forces us to provide shippers with the most cost-effective alternatives available to meet their shipping needs. Business with shippers is solicited through our direct sales and marketing efforts. Rate agreements with shippers are typically shipper specific and not commodity driven. Rates are negotiated with the shipper by our staff and are always memorialized in writing, most often via e-mail.

Published commodity rate tariffs are not used by shippers to assess or verify ocean freight rates. Shippers continuously gauge the market through Requests for Quotations on individual shipments and we are forced by the market to provide customers with sufficient advanced notice of any rate increases imposed by our contracted carriers. We have no record of our tariff having been accessed by a shipper over the last five years. In fact, our staff has no record of customers being aware that rates are filed, or expressing any interest in having access. Our customers rely upon our written quotations to verify the rates they are being charged and the principals of contract law serve to adequately protect their interests.

Rate tariff publication is an expensive and time consuming burden on our operation. CV Ocean Transport currently maintains eight contracts with major vessel operators, servicing numerous shippers and multiple trade lanes. Our existing tariff is currently very volatile due to the constant change of surcharges imposed by vessel operators and bullet rates to meet the changing market demand of shippers. The surcharges, particularly bunker fuel surcharges, are adjusting on a monthly basis. In addition, some of the vessel operators have introduced General Rate Increases (GRI) on top of the contracted base rate. All of our rates have to be updated every thirty (30) days to include adjustments and comply with the current regulations.

CV Ocean Transport spends a large amount of time and money on updating the tariff rates of our existing customers and shippers to strictly comply with the tariff filing requirements.

We utilize a tariff publishing agent, *Effective Tariff Management Corporation (ETM)*, for our filing process and face additional expenses due to the increased amount of filings required by the constant rate changes as issued by the vessel operators. The time spent ensuring strict compliance with the filing regulations restricts our staff from focusing their efforts on management of the logistical process and negotiating more marketable rates with vessel operating carriers. In total, we estimate our average annual costs associated with tariff filing to be regularly in excess of \$10,000.00.

The provisions for NVOCC Service Arrangements (NSAs) have not provided any benefit to CV Ocean Transport or our customers. Small to medium sized shippers, which comprise the vast majority of our customer base, are generally unwilling to be bound by formal shipping agreements. One of the primary benefits CV Ocean Transport provides to its customers is, as opposed to most VOCs, we do not require any minimum volume commitments or contracts. We currently do not have any NSAs established with customers.

The United States is one of the most industrialized and economically developed countries in the world and, to my knowledge, the only one to require filing of rates as related to ocean freight. This mandate is a hindrance to the competitiveness of the U.S. export market and serves as extremely counterproductive to current concerns over the increasing cost of shipping products around the globe.

The tariff filing requirement is an archaic process that no longer serves any legitimate purpose in today's competitive ocean freight market. CV International is fully committed to strictly complying with all federal regulations. We respectfully request that Commission grant the request of the NCBFAA's petition and exempt NVOCC's from having to memorialize rates that have been negotiated with shippers in rate tariffs.

I, Michael W. Coleman 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 24, 2008.

Michael W. Coleman, Esq.