

**ORIGINAL**

**BEFORE THE  
FEDERAL MARITIME COMMISSION  
WASHINGTON, D.C.**



**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 Kevin T. Hannon, R.S. Express, Inc.**

I am Kevin T. Hannon, President, R.S. Express, Inc., OTI# 3204NF, with offices in Elk Grove Village, IL and Burlingame, CA.

We are a member of the NCBFAA and are very familiar with issues relating to the requirements for mandatory publication of ocean rate tariffs and we are supporting the Association's petition to exempt NVOCCs from having to memorialize rates that have been negotiated with shippers in rate tariffs.

We develop business through the creation of long-term relationships with US based customers who have consistent shipments to existing customers, with occasional new destinations. We also provide NVOCC services to our foreign partners who route cargo through our services, which can be consistent or single shipment type business. Generally, rates are agreed to through negotiation directly with the decision-maker at the shipper, so they are fully aware of the freight rates applicable to their cargo movement by ocean. Rates are typically negotiated with each customer, though major trade lanes tend to have set rates for general commodities. We also base single-shipment type rates on the cost of transportation from our underlying vendors. Negotiated rates are usually memorialized in writing with customers, either by fax or email. Rates are published in our tariff system which requires manual input of data. Because of the recent drastic fluctuations in fuel costs tariff publishing is even more time consuming than normal. For smaller shipments, filing a rate costs more in personnel time than we make in freight profit on the shipment—however, to service our customers we must make the filing and observe the current tariff filing requirements.

Some other key points related to the burden of tariff filing are:

1. Even if have a service contract with steamship line, many rates are negotiated on a spot market basis so that the traffic moves under bullet rates; as a result, NVOCC costs vary frequently and so the rates we offer will also vary frequently even for the same commodity moving in the same trade lane
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. Shippers are satisfied to rely on the rates quoted via email, so they are not confused about the rate; nor have there been any disagreements about what the rate is
4. It is clear that shippers don't need or rely upon rate tariff since there have been no hits on company's tariff website by any shippers over the past 5+ years
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.

The practical difficulties in complying with the requirement to publish rate tariffs include:

1. The difficulty of keeping up with the constantly changing carrier tariffs, which may on occasion not provide sufficient notice
2. The need to quote numerous rates for prospective customers, only a few of which may ultimately be accepted.

While NVOCC Service Arrangements were a step toward greater business efficiency, they have not provided relief from the burden of tariff filing. Examples of why not are:

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 shippers don't want to sign NSA's - - too formal, don't feel it is necessary
4. NSAs too cumbersome except for large volume contracts with shippers; even there, many large shippers still prefer to avoid formal contracts.

The estimated costs for tariff filing would be \$5,000 per year or more. As a small company serving small to medium American businesses, this is a large cost versus the amount of transactions handled. We assess a fee for accessing our tariff, and no one has ever requested access to the tariff. While tariff filing has certainly been of benefit in the past, it does not appear to be of value to the entities it was intended to protect, i.e., the shipper, in the current business environment. Nor do we see it returning to a position of value in the foreseeable future.

I, Kevin T. Hannon, 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 15, 2008.



Kevin T. Hannon

President

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