ICC LOGISTICS SERVICES, INC.
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LAWSUIT FILED AGAINST UPS AND FEDEX:

As we have been reporting for months now, UPS and FedEx have made it abundantly clear they will not negotiate rates with their customers when the customer employs a Third Party Negotiator. Well, as we have also reported, it didn't take long for the first lawsuit to be filed.

AFMS a third party firm specializing in parcel carrier contracting and negotiations has filed a suit in the Central District of California alleging that both UPS and FedEx have violated antitrust provisions of the Sherman Act; intentional interference with contract and prospective economic relationships; breach of contract; as well as unfair competition.

The lawsuit seeks "treble" damages, which means three times the actual damages sustained by the plaintiff to its business. Obviously this will amount to millions of dollars should AFMS prevail. We are sure and we have stated on several occasions that this will not be the only lawsuit filed and now that AFMS has taken the lead, we suspect others will surely follow.

We will be providing a comprehensive analysis on this issue in our Quarterly Supply Chain Business Review which will be coming to you early next week. Be sure to look for it as it will contain a number of different perspectives on the UPS/FedEx policies, as well as interpretation from several industry experts. Stay tuned it's going to be VERY interesting to say the least!

Please take a moment to check out ICC's Blog @ http://www.logisticsstrategies.com to check out previous articles.

LTL SHIPPERS WILL PAY MORE!:

Shippers may or may not be aware, but many of the major LTL motor carriers have already taken their Annual General Rate Increases averaging between 6 and 7%. Typically the LTL motor carriers increase their rates in January, however this year they have certainly jumped the gun in an effort to help them recover some of the losses they incurred in 2010. Here are a few examples:

CARRIER	EFFECTIVE DATE OF INCREASE	AVERAGE INCREASE
ABF Freight Systems	October 1, 2010	5.9%

FedEx Freight	November 1, 2010	6.9%
UPS Freight	October 18, 2010	5.9%
YRC Worldwide	September 20, 2010	5.9%

It is important to note that the increases are an "average" of all increases in base rates, as well as charges for ancillary services. Shippers should perform a benchmark analysis to ascertain what their actual increases will be. They could be in excess of 10% in specific areas. The aforementioned increases are assessed for all shippers that do not have a contract agreement with their freight carriers. One of the main benefits of having a contract with a freight carrier is the fact that the carrier cannot unilaterally increase the rates without the shippers consent. That is a huge advantage for shippers. Secondly, many contract agreements limit general rate increases at percentages much lower than the carriers assess for the general shipping public.

If your company does not have a contract agreement with ALL of your freight carriers you are playing "Russian Roulette" with your freight budgets. Please contact us for more information on how to implement transportation contract agreements to better control your shipping costs while at the same time creating a true partnership with your freight carriers.

In our next issue of Logistics Strategies, we will be providing a comprehensive analysis of the proposed UPS and FedEx General Rate Increases. You won't want to miss it.

100% AIR CARGO SCREENING OFF TO A SMOOTH START:

On August 1, 2010 a new cargo screening law went into effect mandating 100% screening of all cargo transported on passenger planes. The law was part of the 9/11 Commission's Recommendations Act of 2007. The law mandates that all air cargo, traveling on passenger planes, be screened at the piece level for all cargo leaving US airports. You would think that law would have been in effect for years now!

Interestingly, some air freight forwarders are looking to avoid the headaches of the 100% screening provisions and have opted to move their airfreight shipments on all-cargo airlines. Since this new law went into effect, there has been no reported evidence of interruptions or delays due to the 100% cargo screening requirements.

Recently, the Department of Homeland Security Inspector General's Office completed an audit of the screening program at nine unnamed selected airports. The initial report and recommendations however remain classified at this time. Back in 2007, the Inspector General found several vulnerabilities with air cargo security, including access control and background check issues for cargo handlers. The hope now is that the former concerns are no longer an issue.

RAIL CARLOAD VOLUMES ON THE RISE:

The Association of American Railroads recently reported that US railroads initiated a total of 299,394 carloads of freight for the week ending October 7, 2010. This figure represents an increase of 7.7% over the same time period in 2009 however the new totals were still down by 10.7% over the same period in 2008.

Intermodal shipment loadings were a little more impressive. There were 240,252 trailers and containers loaded which was up 16.5% over the same period last year, but down only 1.9% over the same period in 2008. When we break these numbers down we find container volume was up 17.6% from 2009 levels and 5.9% over 2008 levels. Trailer volume increased 10.2% from 2009, but dropped 30.6% from 2008 levels.

These numbers certainly reflect positive news on the economic front, indicating an improvement over last year. There is also a "green effect" to these numbers as many companies are shifting "over the road" truckload shipments to Intermodal service to save on fuel and be more energy conscious.

RETAIL CONTAINER TRAFFIC MAY INCREASE 11% IN OCTOBER:

Global Port Tracker, a monthly report from the National Retail Federation has reported that import containers for the retail industry at all major US ports will increase by approximately 11% over last years totals. The report indicates the upward trend should continue as we close out 2010.

According to Jonathan Gold, NRF's Vice President for Supply Chain and Customs Policy, "cargo is still coming through but retailers are mostly stocked up for the holiday season". The industry experienced an early "peak" season spike in August when many retailers took advantage of lower than expected import ocean rates and over capacity. The trend in ocean rates has been up so the retailers decided it was better to bring in inventory early and save on the freight side.

In another area affecting retailers, legislation has recently been introduced that would establish a new unit at the Department of Justice which would focus squarely on investigating and prosecuting organized retail crime.

Under the bill, "organized retail theft" would be defined as "obtaining retail merchandise by illegal means for the purpose of re-selling or otherwise placing such merchandise back into the stream of commerce, aiding and abetting the commission of such acts, or conspiring to commit such acts".

NRF reports that retailer's lose between $15 Billion and $30 Billion annually to organized retail crime each year. In addition, a whopping 89% of retailers indicated they were victims of organized retail crime in the past year alone. The thefts force retailers to increase prices to cover the losses and threaten public health when crime rings tamper with items such as infant formula or medication by extending expiration dates or repackaging and re-labeling the items.