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Law Offices of Countryman & McDaniel

THE CARGO LETTER [505]

Air & Ocean Logistics - Customs Broker News

27 February 2014

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Good Thursday Morning from our Observation Deck.....overlooking the officially designated "[Cargo City](#)" area and..... Runway 25-Right, at **Los Angeles International Airport**, voted "**Best Cargo Airport in North America.**"

The Cargo Letter is now perfectly designed to be enjoyed on your **iPad**. Access all our internet links directly from your device.

Here is what happened in our industry during the Month of February 2014.

To help you find what you need -- **FAST** -- there's now a transport search engine installed at our www.CargoLaw.com website!

Contribute your knowledge, stories & company information.....by e-mail to **The Cargo Letter**. We strive to bring you useful information which is timely & topical. Be sure to visit our website.....<http://cargolaw.com>

Archive of **The Cargo Letter** www.cargolaw.com/cl-archives.php

Michael S. **McDaniel**, Editor, Countryman & McDaniel, forwarder/broker, hull & machinery attorneys at LAX.

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OUR "A" Section: Trade, Financial & Inland News***

1. Freight Forwarder Trade Briefs _____

*****Transport Industry M&A Activity Makes Healthy Return** as merger and acquisition activity in the transportation and logistics sector in the fourth quarter of 2013 fared well, posting the second highest quarterly deal volume and value in the last three years, even though 2013 overall deal volume and value did not fare nearly as well,

according to Pricewaterhouse Coopers' (PwC) report, "Intersections: Fourth Quarter 2013 global transportation and logistics industry mergers and acquisitions analysis." PwC reported that the fourth quarter saw a 57% increase in deal volume, with deal value up more than 100%. Fourth quarter deal value—for deals valued at US\$50M or more—was US\$23.2Bn and represents 66 announced deals with an average deal value of US\$352M, compared to 42 deals representing US\$10.7Bn in total value in the third quarter of 2013 and 68 deals totaling US\$26.5Bn in the 4th quarter of 2012. For all of 2013, PwC reported there were 185 deals valued at US\$50M or more, totaling US\$65.2Bn, which is 19% off of total 2012 value.

Read The PwC Report

www.pwc.com/us/en/industrial-products/publications/intersections.jhtml

*****U.S. Export Pace Hitting Records**as goods valued at US\$2.3 trillion last year with 26 states achieving growth in 2013 and 16 setting revenue records, according to the federal Commerce Dept. Export leaders were Texas with US\$279.7Bn and California with US\$168.1Bn in value. Following were Washington (US\$81.9Bn), Louisiana (US\$63.1Bn) and Michigan (US\$58.5Bn). Also setting export value records were Colorado, Connecticut, Georgia, Kentucky, Maryland, Mississippi, North Carolina, Oklahoma, Ohio, South Carolina and Tennessee.

*****U.S. Import/Export Changes** as on Feb. 19, 2014, President Obama signed a new Executive Order on streamlining the Export/Import Process, mandating the completion of an International Trade Data System (ITDS) by Dec. 2016, in an effort to increase efficiency and reduce the cost of trade. A White House release states, "Today, businesses must submit information to dozens of government agencies, often on paper forms, sometimes waiting on process for days to move goods across the border. The ITDS will allow businesses to electronically transmit, through a 'single-window,' the data required by the U.S. Government to import or export cargo. This new electronic system will speed up the shipment of American-made goods overseas, eliminate often duplicative and burdensome paperwork, and make our government more efficient. "

Read Details of Changes To The Import & Export Process

www.whitehouse.gov/the-press-office/2014/02/19/fact-sheet-president-obama-sign-executive-order-streamlining-exportimpot

*****Amazon To Self Sustain On The Subcontinent** as in the next two years the world's largest retailer will use its own logistics network to deliver nearly every product sold on its Indian portal. This move, along with the launch of high-value products like apparel and increased tie-ups with local sellers, will form the crux of the Seattle-based company's strategy to take on competitors in India, one of the world's fastest growing e-commerce markets.

Make A visit To Amazon India

www.amazon.in/

*****China Customs Cloud** as it introduced "paperless" customs clearance in April 2013, which allows shippers to submit documents electronically. As of Jan. 1, China Customs handled 29.07 million electronic manifests - 54.7% of the total. Clearance time was shortened to up to 4 hours. Paper customs declarations typically include seven to 8 pages of manifest, invoices and certificates. It can have more than a hundred pages. Electronic submission obviated the need for such a heavy paper burden. Computers judge the risk level of each consignment. If risk is low and the shipments meet requirements, they are fast tracked, with clearance instantly sent to shipper and stack yard. Paperless customs has greatly saved the cost for printing,

courier delivery, keeping and transport of the traditional paper materials.

Visit The English Language Service of China Customs

<http://english.customs.gov.cn/publish/portal191/>

*****Japan Customs Wants To Hear From You** as beginning March 1, 2014, both the custodial ocean carrier and the NVOCC will be required to submit an advance manifest filing for all containerized ocean shipments entering Japan or transiting through Japan. Similar to the U.S. Automated Manifest System, ocean carriers and NVOCC's will be required to file an advance manifest 24 hours prior to vessel load (or 24 hours prior to departure for specific short-sea lanes) at either the Master Bill of Lading (MB/L) or House Bill of Lading (HB/L) levels. Japan Customs will use the information for security screening and may require further information about flagged shipments before authorizing entry.

Visit Japan Customs For The Details

www.customs.go.jp/english/summary/advance/index.htm

*****Changes In Reporting Medical Device Problems** as the Food and Drug Administration (FDA) has issued a final rule amending its postmarket medical device reporting to require device manufacturers and importers to electronically submit medical device reports (MDRs), begining 14 Aug., 2015. The reporting is currently accepted in paper format. The notice explains that, "This final rule includes reports of deaths, serious injuries, and malfunctions that must be reported to FDA in initial 5-day, 10-day, or 30-day individual MDRs."

Read The FDA Final Rue Details

www.ofr.gov/OFRUpload/OFRData/2014-03279_PI.pdf

*****The Power of TMS** as in its 2012-2017 TMS Global Market Research Study published in 2013, research firm ARC says that transportation management systems (TMS) continue to offer a lower freight spend. And that trend shows no signs of slowing down any time soon. ARC says that over 40% of respondents felt if they were forced to give up their TMS and go back to more manual processes for planning and execution, their total freight costs would increase by 5% to 10%. Twenty-three percent of shippers surveyed felt their total freight costs not under the control of the TMS would increase by over 10%.

Read The ARC Transportation Management Systems Report

www.arcweb.com/market-studies/pages/transportation-management-systems.aspx

*****China Rail To Jump 20%**as the market is expecting a 20% increase in China's rail freight rates to US\$0.005 per ton per kilometer after Chinese New Year, but Xinhua says authorities need flexibility in applying hikes on a variety of services to attract customers. It is still uncertain if the railways will make one increase or several to gradually bring the rate up, a plan still subject to National Development and Reform Commission approval. China's railways carry mostly "black cargo", which refers to bulk with a blackish colour like coal and ores, but high-speed rail operators are working on ventures with couriers on express package delivery.

*****Forward Air Corp.'s Major Buy**as it is to acquire container and intermodal trucker, Central States Trucking Company (CTS), and its logistics arm for US\$95.6M. Illinois-based CTS will provide a scalable platform, which will allow it to achieve high margins and low asset intensity, said its chairman and CEO Bruce Campbell, reported American Shipper.

*****Intermodal Rebound** as IANA reports total 2013 U.S. intermodal volume-at 15,537,925-was up 4.6% compared to 2012. Domestic containers-at 6,094,770 million-was up 9.4% and international containers-at 7,823,122 million-were up 1.2%. All domestic equipment at 7,714,803 million-was up 7.1%, and trailers fell 0.7% to 1,620,033 million.

Learn About The Intermodal Assoc. of North America

www.intermodal.org/

*****The Port Labor Issue & Organized Labor** as a new report issued by three organizations said classification of port truckers as independent contractors rather than employees is costing US\$1.4Bn in lost revenue. Curtis Whalen, who heads American Trucking Assns' Intermodal Motor Carriers Conference was dismissive of the report from the National Employment Law Project, Los Angeles Alliance for a New Economy and Change to Win Strategic Organizing Center. The report, which aligns with the Teamsters union's ongoing campaign to make port truckers into employees, labeled the independent contractors an "industrywide scam". In a statement, Teamsters Vice President Fred Potter, who heads the union's organizing effort, said that companies are "harassing, intimidating and even firing drivers who have filed claims with the government."

Read The Report

[www.nelp.org/page/-/Justice/2014/Big-Rig-Overhaul-Misclassification-Port-Truck-Drivers-Labor-Law-Enforcement.pdf?nocdn=1](http://nelp.org/page/-/Justice/2014/Big-Rig-Overhaul-Misclassification-Port-Truck-Drivers-Labor-Law-Enforcement.pdf?nocdn=1)

*****When Cargo Takes The Bus** as Greyhound Package Express has partnered with contract courier United We Ship to provide same day courier services to more than 50 cities in the United States. We provide these services through a combination of employee drivers, owner/operators and independent contractors.

Read More About United We Ship

<http://unitedweship.com/same-day-courier-services/demo/pages/same-day-courier>
Reasd More About Greyhound Package Express
www.shipgreyhound.com/e/pages/Home.aspx

*****Undercover Box** as U.S. Congressional Rep. Steven Horsford has traded his suit and tie for a brown, short-sleeve UPS uniform - not because he's quitting Congress, but because it's a way to make closer contact with his constituents. The Nevada Democrat went "undercover" Friday morning to help a UPS driver deliver packages to offices in his Las Vegas-area district. Horsford made the rounds with driver Mark Sidman, operating the hand-held electronic device that tracks parcels along the delivery route. "I'm Congressman Horsford. I'm here to deliver your package," he said to one recipient. Horsford, who is up for re-election to a second term this year, joined other drivers in stretching exercises - a daily routine - at a major UPS processing hub before making the rounds. He appeared to enjoy himself on the route, introducing himself and making small talk with customers. "UPS stands as an example of a company that's already doing great things," he said, adding that his first job was cleaning out kennels at night and he also worked at Pizza Hut.

*****EU Seizes Contraband That Was Dutyable At US\$12M** as the European Commission has released the results of Operation "Warehouse," a major joint customs operation which it says has prevented large losses to the budgets of the European Union and member states with the seizure of 45 million smuggled cigarettes, 135,000 liters of diesel fuel and 14,000 liters of vodka. Operation Warehouse was carried out in Oct. 2013 by the Lithuanian Customs Service and the Lithuanian Tax Inspectorate in

close co-operation with the European Anti-Fraud Office (OLAF), and with the participation of all 28 EU member states. The operation focused on road cargo and targeted the smuggling and other forms of illegal trade of excise goods such as mineral oil, tobacco products and alcohol, throughout Europe. Eight seizures were made during the operation. Among these, 6.6 million cigarettes in Sweden and Lithuania, out of a total of 45 million, 135,000 liters of diesel in Poland and the UK and 14,000 liters of vodka in the UK alone. According to preliminary estimates, this would have amounted to US\$12.3M in the form of evaded customs duties and taxes, reports Lloyd's Loading List.

See Photos & Details of The Operation

http://ec.europa.eu/anti_fraud/policy/joint-customs-operations/warehouse/warehouse_en.htm

*****Who's Driving Your Forklift?** as an Iowa man has lost his job and unemployment benefits for using a forklift to get a candy bar from a malfunctioning vending machine, state records say. According to state unemployment records released last month, Robert McKevitt, 27, of Spirit Lake, was working at Polaris Industries' warehouse in Milford when the incident occurred last fall. McKevitt wanted some candy, so he deposited US\$1 in a vending machine for a 90-cent Twix candy bar, The Des Moines Register reported. But the candy bar got snagged on a hook and wouldn't fall. He banged it and rocked it, but that didn't work. The state records said McKevitt then commandeered a forklift, picked up the machine at least six times and dropped it about 2 feet onto the concrete floor. Three candy bars fell. McKevitt was fired five days later. In a ruling released last month, a judge denied McKevitt's claim for unemployment benefits, saying he willfully disregarded his employer's interests.

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2. The Cargo Letter Financial Page

****Atlas Air Worldwide Holdings.** **DOWN** with a year-on-year net profit decline of 38.4% to US\$93.8M, drawn on revenues of US\$1.6Bn, up 0.6%.

****Bombardier.** **UP** with a US\$97M year-on-year net profit from US\$4M loss in the fourth quarter, drawn on revenues of US\$5.3Bn, up 15%.

****Cargotec.** **UP** with a 61.5% year-on-year net profit decline to US\$75.7M in 2013.

****Expeditors International of Washington Inc.** **DOWN** as 4th quarter profit fell to US\$83.5M, or 41 cents a share, from US\$84.2M, or 41 cents, a year prior.

****Forward Air.** **DOWN** as net income slipped to US\$15.6M, or 45 cents a share, from US\$16M, or 54 cents, a year ago.

****Hanjin Shipping.** **DOWN** with a net loss of US\$635.7M for 2013 dragged down by falling freight rates and overcapacity in the liner trades, despite 6% higher container volumes.

****Neptune Orient Lines (NOL)**, includes APL **DOWN** with net loss to US\$76M in 2013, improving 82% from a US\$412M loss made the previous year.

****United States Postal Service (USPS).** **DOWN** with a net loss of US\$354M -- the 19th time in the last 21 quarters USPS has reported a loss and follows a fiscal year 2013 loss of US\$5Bn.

****USA Truck.** **DOWN** with a loss of US\$4.6M, or 45 cents a share, from US\$3.2M, or 31 cents, in the same period the previous year, the company said. Feb. 11. Revenue grew to US\$141.4M from US\$134.8M.

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OUR "B" Section: FF World Air News***

3. Freight Forwarder World Air Briefs

*****Why Did They Move The Airport?.....** as commercial airlines have either landed at the wrong airport or started to land and aborted attempts just in time on at least 150 flights, according to a search by The Associated Press. These incidents include a Southwest Airlines jet last month in Missouri and a jumbo cargo plane last autumn in Kansas, the AP learned from federal government safety databases and media reports since the early 1990s. A bad spot is San Jose, California. The list of landing mistakes includes six reports of pilots preparing to land at Moffett Field, a joint civilian-military airport, when they meant to go to Mineta San Jose International Airport, about 10 miles away. In nearly all the incidents, the pilots were cleared by controllers to guide the plane based on what they could see rather than relying on automation. Many incidents occur at night when pilots are attracted by the runway lights of the first airport they see. Some pilots said they disregarded navigation equipment that showed their planes slightly off course because the information didn't match what they were seeing out their windows of a runway straight ahead. Using NASA's Aviation Safety Reporting System, along with news accounts and reports sent to other federal agencies, the AP tallied 35 landings and 115 approaches or aborted landing attempts at wrong airports by commercial passenger and cargo planes over more than two decades.

*****Lufthansa Cargo Raided?** as its offices in Germany and the STX Group in South Korea have been raided by investigators in connection with two separate cases of alleged bribery and inside corruption. Lufthansa Cargo's headquarters, as well as around 16 other premises, both business and residential, were searched by German investigators in connection with a bribery probe on Feb. 18, according to a spokeswoman from the Frankfurt prosecutor's office, reported the UK's Handy Shipping Guide. The raids are part of a continuing investigation centered on five individuals, including one of the airline's managers. Lufthansa says it is cooperating fully with the authorities. This isn't the first time Lufthansa Cargo has come under the scrutiny of prosecutors, following its involvement in an international air freight price-fixing cartel that resulted in a multitude of cargo carriers being fined hundreds of millions of dollars.

*****Next Round of Cargo Price Fixing Payments** as on Feb. 12, 2014, Cathay Pacific Airlines Ltd. settled a freight shipping price-fixing, multidistrict class action litigation in the Eastern District of New York. The Hong Kong-based airline agreed to pay consumers of air-freight shipping services US\$65M in the settlement. After the U.S. Dept. of Justice and European Commission initiated investigations of the air freight industry, purchasers of shipping services brought price-fixing actions against air cargo companies from two dozen countries in 2006. The Dept. of Justice claimed these air cargo companies conspired to set the rate at which they charged for certain routes. These airlines then held subsequent meetings to ensure these rates were enforced. To date, 20 defendant groups have paid US\$758M in settlements, with eight defendant groups still remaining in the class action. Cathay Pacific previously paid US\$1.44M to the Canadian Competition Bureau and US\$60M to the Dept. of Justice for pleading guilty to violations of Canadian and United States competition and antitrust laws, respectively.

*****American Airlines Cargo Sets New Weight Record**as in January the amount of cargo carried on one of its new Boeing 777-300ER aircraft from Los Angeles to London, Amsterdam, Dubai, Kuwait and Riyadh beat the mark by almost 2,000 kilos. Flight 136 was loaded with 46,894 kilos of freight. The cargo was built into 14 containers and included dense seasonal vegetables such as carrots, asparagus, green onions, potatoes and celery. The new total tops the previous record of 44,990 kilos, which was

set by its ground handling team in New York Kennedy (JFK) in Nov. 2013.

*****U.S. Questions India Safety** as regulators downgraded India's aviation-safety ranking this month, a move that will crimp plans for India's airlines to increase service to the U.S. The Federal Aviation Administration announced the change in the country's status from Category 1 to a Category 2. The change will also mean that current flights will face existing checks, according to India's Directorate General for Civil Aviation. Two airlines, Air India and Jet Airways, offer service from India to the U.S. A Category 2 rating means one of two things, either that its civil aviation authority is deficient in areas such as technical expertise, trained personnel, or inspection procedures, or that it lacks laws or regulations "necessary to oversee air carriers in accordance with minimum international standards."

IATA Airline Safety Rating Criteria

www.airlineratings.com/safety_rating_criteria.php

*****In The Belly of The Beast** as Russian International, a joint venture between Antonov Airlines and Volga Dnepr, has carried a mega power station rotor from Kuwait to Singapore, using one of its Ruslan heavy lift freighters. Loading and unloading the rotors, weighing 99 tons on its custom-designed cradle and measuring 14 meters x 3.6m x 4m, required the use of mobile cranes and the aircraft's own portable ramp system, the latter adding a further seven tons to the total load transported, a company statement said. The aircraft used is the first Antonov's An-124 aircraft to be repainted in the new blue and yellow livery already seen on its An-225 aircraft. All other Antonov-owned An-124 aircraft in the fleet will be repainted as they undergo maintenance.

AN-225 Mriya -- World's Largest Aircraftand there is only one copy; requires 7 crew on the flight deck

<http://gelio.livejournal.com/193025.html>

*****That Label Has An Important Purpose** as the U.S. Federal Aviation Administration (FAA) seeks to fine Amazon Fulfillment US\$78,000 for failing to label high-gloss enamel paint, a hazard class 3 flammable liquid hazardous material, on a FedEx flight last August. Amazon Fulfillment Services of North Las Vegas shipped a quart of the paint from Lexington to Corpus Christi without detailing the contents in accordance with Hazardous Materials Regulations. The paint leaked through the shipping box alerting workers to the contents which were missing specific inner packaging required, such as inserts or absorbent materials needed for hazardous shipments, reported Atlanta area Air Cargo World.

Review The Hazardous Materials Air Safety Resources

www.faa.gov/about/office_org/headquarters_offices/ash/ash_programs/hazmat/

*****Volumes >>>** Cathay Pacific Airways and **Dragonair** posted a 1.4% drop in January cargo volume year on year to 130,955 tons, but a 9.3% increase in passengers to 2,544,259 seats. **>>>** Kansas City International Airport(KCI) posted a 3.5% year-on-year increase in air freight to 16.1 million pounds in Dec. and a 195.2 % increase in mail volume. **>>>** Virgin Atlantic Cargo posted 13% year-on-year increase in tonnage from the UK to the North East US at more than 63 million kilos with a 50% improvement in 2013 volumes from Miami to Delhi. **>>>** Saudia Airlines Cargo handled 557,800 tons of cargo in 2013, an increase of 8% over 2012 on a 6% rise in scheduled revenue.

*****Do Not Smoke Your Bicycle Seat** as customs officers in Australia have seized more than six kilos of the precursor drug ephedrine hidden inside bicycle seats sent in air cargo from China. Australian Customs and Border Protection Service officers

in Sydney detected the drug when a consignment was x-rayed. Around 6.3 kilos of the white crystalline substance was found in 18 bicycle seats. "Ephedrine is used to manufacture amphetamine-type substances such as "ice," said an official. He said those caught attempting to smuggle a marketable amount of a border-controlled precursor, such as ephedrine, could face penalties of up to A\$510,000 (US\$460,628) or 15 years in prison.

*****No Laughing Matter** as two former Los Angeles International Airport workers who police said planted dry ice bombs on the airfield last year pleaded no contest to one felony charge Friday and were each sentenced to 480 hours of community service. Miguel Angel Iniguez, 41, of Inglewood and Dicarlo Bennett, 29, of Paramount also were sentenced to 3 years probation by Los Angeles Superior Court Judge James Dabney. The two, who worked for ground handling company Servisair, were implicated after dry ice bombs were found on successive nights in October at the airport. After one dry ice bomb exploded in an employee restroom in Terminal 2 on Oct. 13, security screening was briefly halted and several flights were delayed. Dry ice bombs are generally not dangerous, but they make considerable noise. In a dry-ice bomb, water and dry ice pellets are put inside a sealed container, like a soda bottle. Eventually, the reaction puts so much pressure on the bottle that it bursts. Police said the duo planted the devices as a prank. Both Iniguez and Bennett were charged with possession of a destructive device.

*****The Great Air Courriers: UPS, FedEx & Judd Frost?**as Minnesota clothier spared no expense after a customer forgot his wedding pants in a changing room and flew off to get married in Costa Rica. FedEx, UPS and airline package services couldn't help, so Judd Frost put his 32-year-old daughter on a plane to hand-deliver the US\$500 tan gabardine suit pants, the Star Tribune reported (<http://strib.mn/1e1EDII>). After 11 hours of flying on 16 Feb., and a bumpy ride on back roads, Jessie Frost reached the beachfront resort of Las Brisas, where Jason Anderson, 32, of Maple Grove, and Heather Spaeth, 32, were preparing for a destination wedding on 17 Feb.. Neither the bride nor groom knew his pants were missing until Judd Frost reached the bride via Facebook on 16 Feb. afternoon. They were just as surprised to hear a special courier was en route from the high-end Judd Frost Clothiers in the Minneapolis suburb of Wayzata. The bride emailed him: "We are incredibly speechless." The groom brought his \$1,300 suit jacket and vest, tailored white-patterned shirt, lavender paisley tie, alligator belt and cuff links all zipped into a garment bag. But the vest obscured a hanger that should have held the pants. "It's a big day for them," Judd Frost said. "We certainly weren't going to disappoint them."

Just Who Is Judd Frost?

www.juddfrost.com/

*****NOTICE:** Those Conducting Wars After Normal Business Hours Are Subject To Fine Or Imprisonment as known for being on the cutting edge military preparedness, this month's hijacking of an Ethiopian Airlines Boeing 767 airliner caught the Swiss Air Force with its pants down, reported HIS Jane's Defence Weekly. Before the hijacked airliner landed at Geneva Airport, it has been revealed that Swiss Air Force was unable to respond because the emergency happened "outside of office hours". Because Swiss fighters (Boeing F/A-18 Hornet and Northrop F-5 Tiger II) were off duty at 4am, Italian Eurofighter Typhoon and French Mirages had to stand in as the Ethiopian Airlines co-pilot diverted his aircraft to Geneva Airport.

*****Hauling The Trash.....** as Justin Bieber and his entourage smoked so much

marijuana on his private jet to the Super Bowl, pilots were forced to strap on oxygen masks so the "Cheech and Chong"-style hotbox wouldn't get them high, authorities said. The airplane captain warned the pothead pop star and his father, Jeremy Bieber, 38, several times to stop smoking weed — which produced a cloud of smoke so thick that pilots feared they would fail a drug test simply from breathing, NBC reports. But instead of putting down his lighter, Bieber and his dad lashed out at a flight attendant in an "extremely abusive" rant, forcing her to hide near the cockpit during the Jan. 31 flight from Canada to Teterboro Airport in New Jersey, sources said. Biebs, 19, who was traveling with a 10-man posse, admitted to DEA agents after landing that he was drunk and high, but not carrying drugs, sources said. The flight attendant won't press charges either, but she refuses to fly with the singing stoner ever again, sources said.

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OUR "C" Section: FF World Ocean News***

4. FF World Ocean Briefs

*****Lost Container Record Set.....** as the Danish-flagged container [M/V Svendborg Maersk](#) was in the Bay of Biscay during the week of 10 Feb. as hurricane-force winds battered the Atlantic coast of Europe. Amid waves of 30 feet and winds of 60 knots, Svendborg began losing containers off northern France. After the ship arrived in the Spanish port of Malaga this week, Maersk discovered about 520 containers were unaccounted for. Stacks of others had collapsed. [M/V Svendborg](#), which was on her way from Rotterdam in the Netherlands to Colombo in Sri Lanka via the Suez Canal, warned French maritime authorities that vessels should look out for floating containers, but most sank quickly in the mountainous seas. Thirteen have now been recovered, according to French officials. Maersk said 85% of the lost containers were empty and others included such dry goods as frozen meat. None contained dangerous goods. Maersk is now contacting customers to tell them that their shipments are at the bottom of the ocean. This is the biggest recorded loss of containers overboard in a single incident.

Read The Maersk Line Update

www.maerskline.com/en-us/countries/int/news/news-articles/2014/02/svendborg-maersk-incident

*****Container Line Reliability Declines** as Maersk Line remains the top container shipping line in terms of schedule reliability for the second year in a row, however, its performance decreased by 3 percentage points in 2013 compared to the previous year to 88%. Overall, schedule reliability for container lines globally deteriorated last year, declining by 1.1 percentage points year on year to 79.5%, according to data collected by Copenhagen-based research group Sealintel Maritime Analysis on 200 ports across dozens of trade lanes. Staying in second and third place for a second consecutive year were Hamburg Sud and APL, which also both saw marginal decreases in their schedule reliability. The worst performers in 2013 were Mediterranean Shipping Co, Zim and CSAV, with performances of 74.4%, 74.6% and 76.5%, respectively.

Read More About Sealintel Maritime Analysis

www.seaintel.com/

*****Lock Construction To Recomence** as the Panama Canal Authority (ACP) has announced it has reached a deal with the construction consortium that will allow for work to resume on the third set of locks in the Panama Canal expansion project. A statement late 19 Feb. by the ACP said the new locks contractor Grupo Unidos por el Canal, S.A. (GUPC), led by Sacyr of Spain and Italy's Salini Impregilo, has accepted the

ACP's repeated request and has agreed to restart work on 27 Feb. As part of the agreement, ACP will pay GUPC US\$36.8M for December invoices to ensure that GUPC cancels pending payments and obligations to suppliers, the statement said. The dispute has been ongoing since early January, when the contractor first claimed that it was owed as much as US\$1.6Bn. The canal expansion project, to double the capacity of the waterway to accommodate 13,000-TEU ships from the 4,800 TEUers it handles today, was to cost US\$5.25Bn, but cost overruns have increased the price to nearly US\$7Bn.

***[M/V Maersk Alabama](#) In New Controversy as an investigation into the deaths of two American security contractors by the Seychelles Police Force has confirmed the presence of drugs and drug paraphernalia in the cabin of the Maersk Alabama where the bodies of the two men were found on 18 Feb. A statement from Maersk Line on 20 Feb., confirmed what some had suspected about the mysterious deaths onboard the U.S.-flagged container vessel made famous in 2009 when it was hijacked by Somali pirates and later depicted in the film "Captain Phillips". The bodies of the two men were found in a cabin on 18 Feb. at about 4:30 p.m. LT while the ship was docked at Port Victoria, Seychelles. The men have been identified as Mark Kennedy and Jeffrey Reynolds, 43 and 44, respectively. According to an Associated Press report, Kennedy is an ex-Navy SEAL from Baton Rouge, Louisiana who enlisted in 1995 and completed his final tour of duty in 2008. The security guards were aboard the ship because the ship was hijacked by Somali pirates in April of 2009. Since then, armed security guards have repelled pirate attacks numerous times, for example in March and May of 2011. The guards were employed by the security firm Trident Group and had been on the ship since Jan. 29.

*****In With The New -- Out With The Old** as vessels due for delivery this year, amounting to a record 1.65 million TEU and representing 9.6% of the total global fleet as of January, will be offset by scrapping 500,000 TEU and 200,000 TEU in delivery deferrals. The flood of vessel scrapings and delivery postponements would cut 4.1% off the forecast 2014 capacity growth rate and bring it down to 5.5%, according to Alphaliner, which would be the lowest annual increase since 1999. Containership scrapping is expected to reach a new annual record spurred by the recent exodus of unwanted panamax ships, which are expected to account for more than half of the capacity to be scrapped this year. A record number of ships has already been sold for scrap in the last two months, led by Maersk and Hanjin Shipping, who are in the swing of disposing 27 vessels ranging in size from 3,600 to 5,300 TEU. There are 80 ships for 302,000 TEU slated for delivery in 2014 to non-operating owners that are without known charter employment.

*****A Baker's Dozen To The Breakers** as Hanjin Shipping has sold 13 containerships - seven 5,302 TEU and six 4,024 TEUers built between 1996 and 1998 - for scrap on the breaker beaches of India. Most vessels were from the transpacific service, with the smaller ships deployed on Far East-U.S. east coast strings via the Panama canal while the overpanamaxes were deployed on Far East-U.S. west coast services, reported Alphaliner. It said the ships are currently being phased into Far East-India rotations, for final delivery to the scrap buyers. The first scrapped unit, [M/V Hanjin Shanghai](#), arrived in Alang on January 31. It will be followed by the other axed ships over the next few months. The vessels for disposal had been transferred 4 years ago to Korea Asset Management Company (KAMCO) under a government sponsored rescue package.

**Pictures & Video of The Vessel Breakers -- Sad On So Many Levels
Shipbreakers in Gadani beach, Pakistan -- Video**

www.youtube.com/watch?v=mRJYgNc_TNc

World's Biggest Ship Graveyard -- Photo Essay

www.dailymail.co.uk/news/article-2324339/Worlds-biggest-ship-graveyard--huge-tankers-cruise-liners-scrapped-shorefront-workers-toil-2-day.html

The Ship Breakers Of Bangladesh - CBS News 60 Minutes Video

www.cbsnews.com/news/the-ship-breakers-of-bangladesh/

*****The Overside Container** as the Through Transport Club, which insures 15 of the top 20 container lines, has put the loss of overside ocean containers at fewer than 2,000 a year. But other industry sources say the number may be as high as 10,000. That would still represent far less than 1% of the containers traversing the world's oceans. Maersk, one of the world's largest lines, says its highest annual loss in the last decade was 59 containers, although it lost about 520 cans from [M/V Svendborg](#)

[Maersk](#) in the Bay of Biscay this month. In recent years, several small vessels have reported damage after hitting semi-submerged containers. There is no requirement on shipping lines to report container losses to the International Maritime Organization or other international body, so no one seems to know how many containers are lost at sea every year. Most containers won't float for long, especially in heavy seas. But one that is refrigerated may be buoyed by its insulation, and the use of polystyrene as packaging for goods also aids flotation. New Zealand marine insurer Vero Marine says a 20-foot container can float for up to two months, and a 40-foot container might float more than three times as long.

See "Un-Stacked" Our Nov, 2004 Feature On Overside Containers, Including our Jan, 2000 [The Cargo Letter](#) Story "The Dangers of Mayonnaise."

www.cargolaw.com/2004nightmare_unstacked.html

*****New Convoy Rules For Larger Vessels** as southbound transit rules introduced by the Suez Canal Authority this month will allow larger containerships returning from Europe to the Far East to reduce their passage time by up to half a day. Under the amended rules container vessels over 95,000 special Suez Canal tonnage (SCGT) are now able to join the second daily southbound convoy (N2) transiting the Suez Canal, upon payment of a surcharge, reports Alphaliner. For large containerships, which so far were not allowed to use the second southbound convoy (N2), this can reduce the overall transit time on eastbound (meaning southbound in the canal) legs by more than half a day. Ships, which would otherwise miss the first southbound convoy (N1) at midnight, are now able to join the second group a few hours later. In the northbound direction (westbound trade), the canal transit remains based on a single daily convoy (S1) leaving Suez early in the morning.

*****Sending Seemail** as satellite enabled solutions provider, Airbus Defence and Space, has announced a record 50 million emails were sent via its dedicated SkyFile Mail software by 40,000 mariners worldwide in 2013, an increase of 25% over the previous year. SkyFile Mail is designed for businesses and crew working for shipping companies. It is a messaging application optimized for satcom, and a partner for Pharostar, Sealink and WaveCall VSAT services.

*****Put A Sock In It** as Port of Long Beach will spend US\$2.06M to test a barge-mounted ship emissions cleaner to treat the smokestack emissions of two thirds of the ships not covered by the port's mandatory shore power law. California recently began requiring container, reefer and cruise ships to plug in to "shore power" while at berth to use landside electricity, but regulations only cover 100 of the 300 vessel calls. The new system allows ships to run their engines to produce the power they need for lighting,

communications, pumps and refrigeration, but diverts emissions into a treatment device. An earlier wharf-mounted "sock on a stack" was lifted by crane over the smokestacks to capture emissions, reported the American Journal of Transportation. The new system is mounted on a barge.

*****Smoking Your Kayak** as Australian customs in Sydney have discovered US\$165M in crystal methamphetamine in the watertight compartments of Kayaks in a shipping container from China. Customs x-rayed the 27 kayaks and uncovered more than 183 kilos, following earlier seizures of more than 1,000 kilos of meth in liquid and crystal form in the last 14 months and 565 kilos in Melbourne. Canberra has provided US\$88M of additional funding to customs to increase screening. Five have been arrested. Three men were charged with possessing a commercial quantity of drugs and a woman was accused of importing drugs. Police have also charged a fifth man with attempting to import drugs. The first 5 were refused bail and are due to appear before Sydney's Central Local Court on April 9.

*****A Risky Business** as M&M International Freight Forwarding (Beijing) Co Ltd has issued a notice to the trade that it had accidentally lost BML (Blue Maritime Line) Ocean or Combined Transport Bill of Lading Original bill of lading for 3,000 copies (blank forms), and BML Ocean or Combined Transport Bill of Lading non-negotiable copy b/l for 1,500 copies in September 2013. "The lost original b/l Nos are from 0029001 to 0032000. The loss has been reported to the police, and the company has declared the lost b/l form is invalid. Both BML and M&M International Freight Forwarding (Beijing) Co Ltd will not take any responsibility for any loss," said a M&M declaration.

*****Drones In The Straits of Malacca** as the Malaysian Maritime Enforcement Agency (MMEA) will use drones as eyes in the sky to fight crime, smuggling and intrusion at sea. The agency's director-general Maritime Admiral Mohd Amdan Kurish said the agency expected to rely on fixed-wing and rotary-wing unmanned aerial vehicles (UAVs) as part of its strategy. MMEA has five regions of jurisdiction nationwide, involving 4,492km of coast line where sea surveillance using ships is no longer sufficient.

*****Throughput >>>** DP World's container terminals across its global portfolio handled 55 million TEU last year, with gross container volumes growing by 0.7% on the previous year. **>>>** Inner Mongolian city **Erenhot** recorded a trade cargo volume of 13.05 million tonnes in 2013, an increase of 12.53% compared to the year before, setting a record high. **>>>** Northern China's **Hebei Province** posted a 70.7% year-on-year increase in container volume to 133,000 TEU in January **>>> Hong Kong** handled two million TEU in January, representing a year-on-year decline of 2.7% from 2.1 million TEU in January last year. **>>> Port of Long Beach** has posted a 1.4% year-on-year decline in January container throughput to 528,884 TEU while the neighbouring **Port of Los Angeles** enjoyed 2.5% increase to 685,550 TEU. **>>> Port of Shenzhen** is now the third place port with its 23.27 million TEU annual throughput, behind **Shanghai** and **Singapore**. **>>> Swiss Rhine** ports lifted 105,000 TEU last year, setting a new record for maritime container movement, though a five per cent reduction in weight as together with the import and export boxes that were carried by rail, the Swiss Rhine ports handled 117,535 containers in 2013, most of which go through Rotterdam. **>>> Port of Qingdao** in northern China's Shandong province posted a 7% year-on-year increase in container volume to 15.52 million TEU in 2013. **>>> Ukrainian** seaports throughput was down 9% to 10.67 million tons in

January as container volume slipped 0.5% to 52,296 TEU.

*****This Month In U.S. Navy History**

1779 - John Paul Jones takes command of Bonhomme Richard

1919 - The first ship named for an enlisted man, [USS Osmond Ingram](#) (DD 255) is launched.

1943 - [USS Iowa](#) (BB-61) is commissioned on the 211th anniversary of the General of the Armies George Washington's birth at the New York Naval Ship Yard at Brooklyn, as first ship of her class of battleship.

1945 - Four days after landing on Iwo Jima, the United States flag is raised on Mt. Suribachi.

1945 - [USS Bismarck Sea](#) (CVE-95) struck by a kamikaze off Iwo Jima and sunk in 90 minutes with loss of 318 men. [USS Saratoga](#) (CV-3) struck by 5 kamikazes but survived with loss of 123. [Bismarck Sea](#) was last carrier lost in combat during World War II.

1960 - [USS Sargo](#) (SSN-583) surfaces at North Pole

*****The Toughest Race** as four members of the British Royal Air Force were rescued by the crew of the bulk carrier [M/V Hedvig Bulker](#) and were brought back to dry land, 4 Feb., after a treacherous 51 day, trans-Atlantic attempt from Spain to Antigua in the Talisker Whisky Atlantic Challenge. The team had a broken rudder on day 46 and after exhausting all efforts to fix it in heavy seas, running low on food and water, and near to losing all electronics, they used the little electricity they had left to call for help on their satellite phone. U.S. Coast Guard watchstanders in Puerto Rico used the Automated Mutual-Assistance Vessel Rescue System to contact the nearest Amver participating ship. The Hedvig Bulker responded to the Coast Guard's request approximately 69 miles from the row boat's position and diverted to assist. The team was participating in a 2,982 mile Atlantic Campaign called the Talisker Whisky Atlantic Challenge, the row boat race from San Sebastian de La Gomera, Spain, to Antigua.

Read More About The Talisker Whisky Atlantic Challenge -- World's Toughest Race Continues

www.taliskerwhiskyatlanticchallenge.com/

*****The Romantic Story Behind The Seven Pointed Maersk Star** as Anna Møller (founder A.P. Møller's mother) was accompanying her husband, Capt. Peter Mærsk Møller on an ocean voyage. During the journey she fell seriously ill; at one point it seemed as if she might not make it. Peter Maersk Møller stood on deck, looked up into a cloudy night sky and prayed for his wife's well-being. As he looked up, there was a chink in the clouds through which he saw a single star. That star gave him a sense of hope, and she later recovered. That star of hope became his and Maersk's logo. Peter Maersk Møller later wrote to Anna explaining the symbolism of the Maersk star, which by then was on the funnel of his first steamship, [S/S Laura](#) (1886): "The little star on the funnel is a reminder of the evening I prayed for you so dejectedly and anxiously, asking for the sign that I might see in the grey, overcast sky, a reminder that the Lord hears our prayers."

Read More Stories On The Maersk History Page

<http://maerskstories.maersk.com/>

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5. The Cargo Letter Cargo Damage Dispatches

****Back By Popular Demand****

We're sorry, but there were so many sinkings, explosions, pirate attacks, fires, cargo mishaps, battles on the water & other disasters at sea that we do not have room to print

even the highlights this month. **Many people lost their lives at sea this month!!**

But you can read all this month's disaster news at our special Internet web feature which provides full details of each event -- our **Vessel Casualties & Pirate Activity Database**. Bookmark the site and visit every day! Updated twice daily.
www.cargolaw.com/presentations_casualties.html

SPECIAL NOTE: Please view the dramatic new pictures at our special "**Gallery of Cargo Loss**" website feature.
www.cargolaw.com/gallery.html

See our new feature for Aug. 2009: "**Reefer Madness**" -- includes our Jan, 2000 **The Cargo Letter** Story "**The Dangers of Mayonnaise**."
www.cargolaw.com/2009nightmare_vega-gotland.html

See our newest photo feature "**Singles Only**" - Transportation Disasters Told In A Single Photo!
www.cargolaw.com/2000nightmare_singles.only.html

Daily Vessel Casualties as we don't want you to miss the excitement of our 24 hour reports of the dramatic events at sea each day -- stories of casualties & pirates --- almost none of which are carried on your local news. Edited daily by **Christoph Wahner, Esq.** of **Countryman & McDaniel**.

www.cargolaw.com/presentations_casualties.php

NOTE: The historic dangers of carriage by sea continue to be quite real. **Shippers must be encouraged** to purchase high quality marine cargo insurance from their **freight forwarder or customs broker**. It's dangerous out there.

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OUR "D" Section: FF in Cyberspace***

6. The Cargo Letter "Cyber Ports Of Call"

Here are our suggested world wide web sites of the week for your business, your information and your amusement.....

Cargo & Trade>>>>

3PLAdvisor

www.3pladvisor.com/

Anatomy of the Most Efficient Supply Chain Process free white paper
<https://rapidrequest.emediausa.com/4/Rfi/3014070.BKTOXIDC.190210>

Danish Port of Hirtshals make a visit with new movies & webcams
www.portofhirtshals.com/The-port/Port-of-Hirtshals-~Movies

Game Plan: The Logistics of Putting on the Super Bowl
www.supplychain247.com/article/game_plan_the_logistics_of_putting_on_the_super_bowl

Houston Pilots 2014an engrossing video
www.youtube.com/watch?v=ZHKO88AfJqE

Maritime TV -- U.S. Maritime Administrator Chip Jaenichen Speaks at "Winds Of Change in Shipping" Conference
www.maritimetv.com/Events/namepa_windsofchange/TabId/1027/Videoid/616/Opening-Remarks.aspx

Spanish Cargo M/V Luno breaks In Two Off The French Coast on 7 Feb. 2014 dramatic video
www.youtube.com/watch?v=EuzSkFlsILc

Stanford-IATA Aviation Strategy Program advanced executive education for the aviation industry
http://aviation.stanford.edu/aviation-strategy-program/overview.php?_vsrefdom=EmailMarketing&IATA

The Aeroscraft a 266 feet long and 110 feet wide cargo California airship.
www.supplychain247.com/article/airshipping_perhaps_the_logistics_of_freight_by_blimps_arent_just_hot_air

The Real Abscam -- Undercover video which American Hustle was about
www.youtube.com/watch?v=Pujo8mCQZcw&feature=youtube_gdata_player

The Story of Aviation Winglets
www.b737.org.uk/winglets.htm

Top Tips to Ship Safe Globally
<https://rapidrequest.emediausa.com/4/Rfi/3565265.GDLSQKVL.190227>

White House "Made in Rural America" Export & Investment Initiative
www.whitehouse.gov/the-press-office/2014/02/06/fact-sheet-opportunity-all-establishing-new-made-rural-america-export-an

PRODUCTS>>>>>

Best U.S. Customs Broker Exam Study Course
<http://bestcustomsbrokercourse.com/>

Neptune Maritime Security Ltdnow certified by Lloyd's Register Quality Assurance (LRQA) to ISO PAS 28007 for armed shipboard armed security contractors.
www.neptunemaritimessecurity.com/

EVENTS>>>>>

Transport Events
www.transporthevents.com/

Trade Shows, Exhibitions, Conferences & Business Events Worldwide
www.eventseye.com/

World Trade Organization Events
www.wto.org/english/news_e/meets.pdf

11th Annual International Trade Symposium -- "It's All About Bigger Ships" May 8, Norfolk
www.vamaritime.com/event/symposium-2014

2014 IANA Intermodal EXPO 21-23 Sept. 2014, Long Beach, CA
www.intermodal.org/events/expo/

Air Cargo 2014March 30 - April 1, 2014, Orlando, FL
<http://aircargoconference.com/>

AfricaRail 20141-2 July 2014, Johannesburg, South Africa
www.terrapinn.com/template/live/documents.aspx?e=6376&d=13639

Asia Pacific Maritime (APM).....19 - 21 March 2014, Singapore
www.apmaritime.com/

Asia Pacific Rail 201418-20 March 2014, Hong Kong
www.terrapinn.com/conference/asia-pacific-rail/index.stm

CNS Partnership Conference 20144-6 May 2014, San Antonio, Texas
www.cnsc.net/events/Pages/cns-partnership-conference.aspx

FNC International Freight Conference 2014 Singapore12-14 June 2014,
Singapore
<http://fnc-group.com/Freight-Conference-Singapore-2014>

IATA Passenger Terminal Expo 201425-27 March 2014, Barcelona
www.passengerterminal-expo.com/

Intermodal Asia 20141-3 April 2014, Shanghai World Expo Center, Shanghai
www.intermodal-asia.com/

Maritime Innovation and Technology 16-17 Oct. 2014, Malta
www.regonline.co.uk/register/checkin.aspx?eventid=1485474&ResponseMemberId=0VOGQNUMNtFUXkAaQOtLwg==&jID=1393826

MODEX 201417-20 March 2014, Atlanta
www.modexshow.com/

Transportation & Logistics Council 40th Annual Conference17-19 March,
Nashville, Tennessee 2014,
www.tlcouncil.org/40th_Annual_Conf_Info

U.S. Customs and Border Protection (CBP) East Coast Trade SymposiumMarch 6-7, 2014, Washington, DC
www.cbp.gov/linkhandler/cgov/trade/trade_outreach/2014_trade_symp/ts14_save_date.ctt/ts14_save_date.pdf

Women in Aviation's 25th Annual International Conference6-8 March 2014,
Orlando, FL
www.wai.org/14conference/index.cfm

World Cargo Symposium 201411-13 March, Hyatt Regency Century Plaza, Los Angeles

www.youtube.com/watch?v=FdEaE-RkJmQ

https://ems.resrunner.com/worldcargo?j=238890&e=CargoLaw@aol.com&l=7676_HTML&u=7756312&mid=6194905&jb=0

Apps For That - iPhones & Droids>>>>>>

Nokia Treasure Taguse your smart phone to locate lost valuables or equipment

www.nokia.com/global/products/accessory/ws-2

General Interest>>>>>>

Aircraft Manufacturing In Kenya

www.youtube.com/watch?v=a-_dsNTZch0

AN-225 Mriya -- World's Largest Aircraftand there is only one copy; requires 7 crew on the flight deck

<http://gelio.livejournal.com/193025.html>

Confessions of a TSA Agent -- I Saw You Naked

www.politico.com/magazine/story/2014/01/tsa-screener-confession-102912_full.html#.Uwp3SUaYBcs

CNN: Crazy Things Americans Tried To Take On Planes in 2013

www.cnn.com/2014/02/06/travel/tsa-confiscations-2013/index.html

Do Not Fly Helicopters Into Steel Cables

www.chonday.com/Videos/chopersteelrope2

Dumb Things People Do with Forklifts

http://mhnnews.com/powerd-vehicles/more-dumb-things-people-do-forklifts-video-gallery#slide-6-field_images-31481

European TV Commercials Might Not Work In The U.S.

www.youtube.com/embed/4BMUC4Yb4z4?rel=0

Fine Dining

www.youtube.com/watch?v=ub1Dc3NHZ3s

Fish Are Dumb

<http://www.youtube.com/watch?v=V6c9zglwiEo#t=258>

Fresh Guacamole.....the 2013 Academy Award Nominated film by PES, the shortest film ever nominated for an Oscar. You gotta watch this!

www.youtube.com/watch?v=dNjdJlwCF_Y

How to Erase and Clean-up a Scanned PDF in Acrobat XI

<http://blogs.adobe.com/acrolaw/2014/01/how-to-erase-and-clean-up-a-scanned-pdf-in-acrobat-xi/>

Instructional Video: How To Park A Vessel At High Speed

www.youtube.com/embed/QYltdonj2iE?wmode=transparent&rel=0&autohide=1&showinfo=0&enablejsapi=1

Nature's Wonder
www.andiesisle.com/creation/magnificent.html

Plans For TWA Flight Center Hotel and Museum Fall Through
www.frequentbusinesstraveler.com/2014/01/plans-for-twa-flight-center-hotel-and-museum-fall-through/

Remembering The DC-10: End of An Era or Good Riddance?
www.bbc.co.uk/news/uk-england-birmingham-26259236

Transport Rescue?
www.youtube-nocookie.com/embed/KBxSntGGm8U?rel=0

Valentine's Flower Delivery by Drone
www.youtube.com/watch?v=TbtWczEXGmc#t=12

Virgin Atlaantic Uses Google Glasses To ID Passengers
www.dailymail.co.uk/sciencetech/article-2555981/Google-Glass-takes-Virgin-Atlantic-air-hostesses-use-wearable-tech-greet-passengers-exactly-want.html

World's 'First Airport' Largely Unknown
www.cnn.com/2014/02/21/travel/wright-brothers-ohio-aviation-field/index.html

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OUR "E" Section: The Forwarder/Broker World***

7. Does The Customs Broker Have A Duty To Confirm Payment Status of The Cargo? **No.**

-- A New False Legal Theory Against Brokers --

What is the responsibility of a customs broker to a shipper when the cargo is released to the consignee without an original bill of lading or without proper payment made/arranged for the goods? Traditionally, a customs broker generally bears a fiduciary only to the consignee to promptly clear the cargo through U.S. customs. In such scenario, the customs broker has no relationship with the shipper and is not required to confirm payment for the goods, whether through surrender of original documents or otherwise. However, customs brokers are increasingly being retained by forwarders to perform customs clearance, thereby creating a relationship between the customs broker and the forwarder. When acting under instruction of a forwarder, a customs brokers is frequently requested to provide a "Delivery Order" to the on-carrier subsequent to customs clearance, a practice which can sweep the customs broker into a lawsuit if the cargo is released by the forwarder without payment having been made by the consignee to the shipper. The sole purpose of a "Delivery Order" is to notify the on -carrier of cargo location & availability from a customs perspective. However, use of the long used term "Delivery Order" on this paperwork can nowadays have the deleterious effect of falsely implying the customs broker is releasing the cargo to the consignee, rather than the forwarder. From this, lawyers for unpaid shippers advocate the customs broker has a duty to confirm payment has been made or is required to obtain the original bill of lading prior to cargo "release." This exposure can be mitigated by employing an alternate and more accurate label for the "Delivery Order." A preferred alternative is "Notice of Cargo Clearance." This advises the forwarder, its on-carrier

and the consignee the cargo has cleared customs and is ready for prospective release upon conditions not involving the customs broker. It serves the same practical purpose as a "Delivery Order" without the false implication that the customs broker is responsible – and, hence, potentially liable – for the proper release of the cargo to the consignee. Contact the attorneys at **Countryman & McDaniel** for further suggestions on how to mitigate the operational exposure of your customs brokerage business.

Written from wire stories, the Associated Press, Reuters, Hong Kong Shipping News Lloyds & other world sources.

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