

# THE SOURCE

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## SPECIAL POINTS OF INTEREST

- **ARE WE DOING A GOOD JOB FOR YOU?** If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- **DO YOU SHIP WITH US SOME OF THE TIME?** Become a Program Customer and we will guarantee savings of 10%.

## ¡HOLA! MEXICO

On January 9, 2015, the Department of Transportation (DOT) announced that Mexican motor carriers will soon be able to apply for authority to conduct long-haul, cross-border trucking services in the U.S., with the goal of increasing economic and export opportunities between the two countries. This marks a significant milestone in implementation of the North American Free Trade Agreement and brings the U.S. into compliance with terms of this trade agreement.

The policy change is expected to result in the permanent termination of more than \$2 billion in annual retaliatory tariffs on U.S. agriculture, personal care products, and manufacturing goods, and follows a 3-year pilot program that tested and validated the safety of Mexican trucking companies to operate long-haul in the U.S.

“Opening the door to a safe cross-border trucking system with Mexico is a major step forward in strengthening our relationship with the nation’s third largest trading partner, and in meeting our obligations under NAFTA,” said Transportation Secretary Anthony Foxx. “Data from the three-year pilot program, and additional analysis on almost 1,000 other Mexican long-haul trucking companies that transport goods into the United States, proved that Mexican long-haul trucking carriers demonstrate a level of safety at least as high as their American and Canadian counterparts.”

Companies from Mexico that apply for long-haul operating authority will be required to pass a Pre-Authorization Safety Audit to confirm they have adequate safety management programs in place, including systems for monitoring hours-of-service and to conduct drug testing using an HHS-certified lab. Additionally, all drivers must possess a valid U.S. Commercial Driver’s License or a Mexican Licencia Federal de Conductor, and must meet the agency’s English language proficiency requirements.

Like Canadian companies that are granted U.S. operating authority, carriers and drivers from Mexico are required to comply with all laws and regulations, including regular border and random roadside inspections. Once the motor carrier is approved, their vehicles will be required to undergo a 37-point North American Standard Level 1 inspection every 90 days for at least four years.

“I am pleased that the [DOT] has published its analysis of its very rigorous long-haul, cross-border trucking pilot program,” said U.S. Trade Representative Michael Froman. “We have been, and will continue to, work with Mexico to ensure that the threat of retaliatory duties will now be brought to a swift conclusion as well. Formally concluding this process will help us continue our work to expand trade and investment opportunities between our countries.”

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**¡HOLA! MEXICO**

In a January 19 letter to Secretary Foxx, Peter Friedman, the Executive Director of the Agriculture Transportation Coalition, whose membership encompasses virtually all agriculture and forest products exported from or imported to the U.S., voiced his organization’s support of the decision to allow Mexican motor carriers to apply for authority to conduct trucking services in the U.S. Friedman stated that domestic transportation efficiency plays a critical role in determining the competitiveness of our U.S. exports abroad, and that removing the threat of retaliatory tariffs is vital to the U.S. agriculture economy.

Also supportive of the policy change is the American Trucking Association, as long as the foreign motor carriers comply with the regulatory and financial requirements that apply to U.S. carriers.

“Nothing less is acceptable to ATA,” the federation said in a statement. “ATA is committed to working with DOT, as well as other federal, state and local government agencies, as well as their Mexican counterparts, to improve cross-border operational efficiencies, processes and systems, and to facilitate the movement of lawful trade across our mutual border while respecting and complying with national operational requirements.”

But some other industry groups—notably the Teamsters and the Owner-Operator Independent Drivers Association (OOIDA) - strongly object to the new policy, citing safety concerns.



“The FMCSA is clearly doing an end-around and playing with numbers to try and justify opening the border to long-haul trucks from Mexico,”

OOIDA Executive Vice President Todd Spencer said. “FMCSA’s persistence to move this program forward is mind-boggling, especially when the agency tells us ad nauseum that their highest priority is safety. Yet this program is all about geopolitical economics.”



Teamsters union General President James P. Hoffa said the agency chose to ignore its own internal findings that the pilot program did not provide enough data to either gauge the safety performance of Mexican carriers or to determine if the carriers who chose to participate in the pilot would be representative of those that would actually serve the market.

“The policy change by the DOT flies in the face of common sense and ignores the statutory and regulatory requirements of a pilot program,” he said. “Allowing untested, Mexican trucks to travel our highways is a mistake of the highest order, and it’s the driving public that will be put at risk by the DOT’s rash decision.”

The dispute dates back to the 1994 implementation of the NAFTA agreement. Language in the agreement mandated that U.S. markets be open to Mexican carriers by January 1, 2000, but safety and environmental concerns kept the provision in legal limbo until 2007, when the first of the two pilot programs was launched.

*SOURCE: FMCSA (DOT) press release—1/9/15; Agriculture Transportation Coalition press release—1/19/15; coverage on industry websites, including Journal of Commerce, Truckinginfo, Transport Topics, and DC Velocity.*

*Photos: Mexican truck at border—usa.com; NAFTA symbol—pixshark.com.*

**Thank you for bearing with us**

From Monday evening, January 26th through Tuesday night, January 27th, the northeast was rocked by a major blizzard. In our area, not far from the coast, we saw 22-26” of snow, while some cities and towns saw upwards of 36”. Seawalls were breached in several coastal communities, causing flooding and encasing many homes in ocean water ice.

Our organization, along with countless others, was forced to close on Tuesday due to the extreme conditions and the governor’s travel ban. We at Outsource would like to thank our customers for their patience and understanding during this time, and also for all of the expressions of concern we received. This was one of the best parts. The next best part? The guy who brought a snow-blower into Copley Square and cleared off the finish line of the Boston Marathon. Never forgotten.

## WEST COAST PORTS: SHIPPERS' CONCERNS

The labor dispute coupled with the congestion at West Coast ports is beginning, as predicted, to take its toll on various sectors of the U.S. economy. Major retailers, such as Best Buy and Target, will soon be releasing their fourth quarter earnings reports, potentially giving investors, transportation providers, and others an indication of just how much of an impact the West Coast congestion has had on their bottom lines.

Major shippers, including Tyson Foods and Cabela's, complain about delays and warn about further economic pain if they continue. At the end of January, Douglas Means, chief supply chain officer at Cabela's, told a Senate subcommittee that port congestion has added 5 to 15 days of lead time in its supply chains, and that this unplanned time would likely result in lost sales, increased costs, and poor customer service.

In the first quarter earnings call to investors on January 30, Donnie Smith, Tyson's president and CEO, expressed that while the stronger U.S. dollar's impact on its exports was a concern, his real worry was about the ongoing interruptions at West Coast ports. The congestion "is pressuring logistics that could eventually affect livestock producers if the situation isn't

resolved soon," said Smith.

Retail shippers are not alone in their concern about the situation on the West Coast; the manufacturing sector is also feeling the squeeze.

"The slowdown at our West Coast ports slams manufacturers in all sectors every day it remains unresolved," said Jay Timmons, president and CEO of National Association of Manufacturers in an address at Purdue University on February 3. "The challenge of managing inventory has forced one global manufacturer with plants in multiple states to limit overtime for thousands of its employees in January and February—and in some cases, it's eliminated overtime completely. That means millions of dollars in lost wages."

The repercussions of the West Coast standoff and ongoing port congestion issues are starting to have economic consequences that are now gaining more attention in Washington and on Wall Street, as it is clearly becoming a threat to the U.S. economy.

*SOURCE: Journal of Commerce article—2/4/15; NAM speech transcript—2/3/15.*

## BEST VALENTINE'S GIFT: SHOW YOURSELF SOME LOVE

It's February and our thoughts turn to those we love, those who make our hearts go pitter-patter and skip a beat. And while we're contemplating what nice things to do for our loved ones on Valentine's Day, we might just give some thought to what we can do for ourselves every day to keep our hearts healthy.

Fifty years ago, President Johnson designated February as American Heart month. Each President since then has issued an annual proclamation to continue the tradition and to increase the awareness that cardiovascular disease is the nation's No. 1 killer. And it has made a difference. Since the 1960's, annual deaths from CVD have dropped by nearly 1 million per year, while the population has increased by more than 129 million. But CVD is still responsible for one out of every four deaths in the U.S.

There are, however, things we can do every day to protect our hearts and minimize our risk of heart disease, most of which require only small lifestyle changes. You can't control your genes, but you can control a number of risk factors, including:

- Diet
- Physical activity
- Tobacco use
- Obesity
- High blood pressure
- High blood cholesterol
- Diabetes
- Stress



When it comes to your heart, small changes can bring big rewards. This Valentine's Day, give those you love the best gift of all by showing yourself some love. For a wealth of information and tips on what you can do to keep your heart healthy, click on the following links.

**[The American Heart Association \(select Getting Healthy\)](#)**  
**[Centers for Disease Control and Prevention \(CDC\)](#)**

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*Delivering Results... Not Promises*

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## **TRIVIA**

1. Who is attributed with sending the first Valentine's Day card?
2. According to data from the National Retail Foundation, what is the most popular Valentine's Day gift?
3. How many calories are in one NECCO conversation heart?
4. According to a 2010 study by the Harvard Business School, which group spends the most on Valentine's Day—married men, married women, single men, or single women? Which group spends the least?

*[Click here for answers to Trivia questions.](#)*

## ABOUT US

Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you improve control and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

Air, sea, rail and truck—we can handle all of your domestic and international shipping logistics and transport needs, freeing you to do what you do best.....grow your business.

