

THE SOURCE

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INSIDE THIS ISSUE:

PANAMA CANAL EXPANSION PROJECT: EAST MEETS....EAST	1
CONCEALED DAMAGE: WHAT ARE YOUR RIGHTS?	2
FREE TRADE AGREEMENTS AND COST SAVINGS	3
ALL IN A DAY'S WORK: RESCUE AT SEA	3
TRIVIA!	4

SPECIAL POINTS OF INTEREST:

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PANAMA CANAL EXPANSION PROJECT: EAST MEETS....EAST

The Project

Scheduled for completion by mid-2015, the expansion of the Panama Canal (Third Set of Locks Project) is a project that will double the capacity of the Panama Canal by allowing more and larger ships to pass through the canal. The canal, which was originally completed in 1914 as a link between the Atlantic and Pacific Oceans, is being expanded to accommodate the so-called post-Panamax ships, some of the biggest ships in the world—too big to fit through the existing locks. The old locks will still be in service; this project creates a new lane of traffic by constructing a third set of locks, including the construction of two lock complexes—one on the Atlantic side and one on the Pacific—with 3 water-saving basins, excavation of new access channels to the new locks and widening of existing navigational channels, deepening of the navigation channels, and the elevation of Gatun Lake's maximum operating level. The possibility of adding a fourth set of locks which would run parallel to the third set and could accommodate super post-Panamax vessels is also under consideration.

Advantage East Coast

Once the project is completed, the



impact on shipping lanes and ports may be significant. Right now most of the trans-Pacific freight from Asia on post-Panamax and super post-Panamax ships can only be handled at West Coast ports, with some coming in to the East Coast via the Suez Canal. But the doors will open wider to East Coast ports once these vessels can make their way through the expanded Panama Canal, giving shipping companies less expensive options for moving freight to East Coast destinations and potentially sparking an all-out competition between the coasts for market share.

Several ports on the East and Gulf coasts—notably Savannah, GA, Miami, FL, Jacksonville, FL, Baltimore, MD, and Houston, TX—have already started ramping up their efforts to accommodate the larger vessels by

“...the biggest challenge to accommodating increased freight volumes lies outside the port gates...”

upgrading facilities and lining up for State and Federal dollars in order to prepare for the April, 2015 completion. Both Norfolk and Baltimore are already prepared, with Miami (2014) and New York (2015) not far behind.

Miami is in a very good position with its two ports, Port Miami and Port Everglades—especially Port Miami, which is the first port after ships leave the Panama Canal. So far the State of Florida has invested about \$77M in the ports. Miami is also building a \$915M four-lane tunnel from the port, giving trucks direct access to the interstate thruway system. The rail system is also undergoing an upgrade.

Savannah, home of the second largest container port on the East Coast, already sees some post-Panamax ships, but they have to wait for high tide to make the trip into port. Ports in New York and

continued on page 2

PANAMA CANAL *continued from page 1*

Bayonne, NJ, are also looking to make improvements that will enable them to be players; the Ports Authority of NY and NJ will be completing the dredging of the harbor to 50 feet by 2014. The problem, though, is the Bayonne Bridge, which is too low and will need to be raised.

Post-Port Problems

One concern expressed by the trucking industry is that sub-standard highway infrastructure will make it difficult for trucking to handle the additional freight demand anticipated at East and Gulf Coast ports. In testimony before the Senate Commerce, Science and Transportation Committee in April, Phil Byrd, representing the American Trucking Associations (ATA), acknowledged that the port infrastructure may be ready to handle an increase in container volumes, but went on to say that “the biggest challenge to accommodating increased freight volumes lies outside the port gates—specifically, the ability of our congested

highways to handle the increased freight.”

In March, 2013, President Obama issued an executive order launching an initiative to improve the efficiency of federal review and permitting of infrastructure projects. Since then, government agencies have expedited 50 major projects, including bridges, transit, railways, road, and renewable energy projects. In addition, federal agencies have identified a set of best practices for efficient review and permitting of projects, and all relevant agencies have been directed to put these best practices into effect.

The Fly in the Ointment

The increased capacity and faster transit times of the route through the Panama Canal may be overshadowed by the favorable rates through the Suez Canal, a trade route that has been growing over the past three years and has already provided rapid growth of volume to some East Coast ports. The recent formation of the P3 Network, an alliance between shipping giant Maersk



Line, CMA CGM, and Mediterranean Shipping Company represents control of roughly 41% of the global boxship capacity. The vast majority of their sailings transit through the Suez Canal due to much lower rates despite the longer sail time, and the ability to handle the bigger ships now. Whether that preferred route remains the case after the opening of the Panama Canal remains to be seen, but for now these shipping companies, the Suez Canal Authority, and U.S. East Coast ports benefit—and by extension so do their customers.

CONCEALED DAMAGE: WHAT ARE YOUR RIGHTS?

In a recent Q&A in the Journal of Commerce, a warehouse manager recounted a case in which a driver unloaded rolls of fabric at his facility onto a rack, as required. When the warehouse offloaded the rolls onto a container for export, it was found that one roll in the middle of the rack was badly damaged. The BOL was signed clear because the driver loaded the rack and the warehouse did not do an on-the-spot inspection. The question asked was, can the warehouse sign the BOL in such a way as to indicate receipt of the rolls but not yet cleared pending inspection?

That may seem reasonable, but the answer might surprise you. You can certainly insist

on putting a caveat on the BOL noting “driver unload, received subject to inspection”, but it’s not likely to be of much help when it comes down to trying to collect on concealed damage—not with the carrier and not with the courts, should you pursue your claim legally. Unless you have



personnel on site inspecting the goods as they are delivered and signing them clear, you cannot prove that damage did not occur post-delivery.

It is your obligation to prove that the shipper gave the goods to the carrier in good condition and that you received them in a lesser condition, suffering economic loss as a result. The burden of proof, therefore, is on you as the consignee to show that the goods were loaded in an undamaged condition and that no damage occurred post-delivery. This then shifts the burden of proof onto the carrier to disprove that the goods sustained damage during shipping.

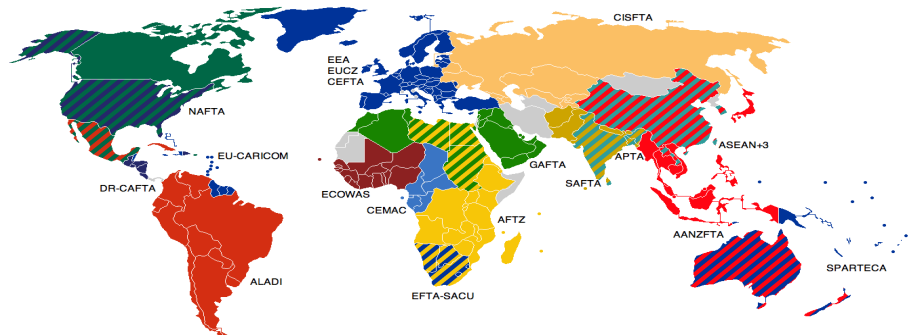
FREE TRADE AGREEMENTS AND COST SAVINGS

AFTA. CAFTA. NAFTA. TTIP. Rules of Origin. Preferential Tariff Treatment. What are these and what do they mean to your business? If your business includes importing and/or exporting goods, then these terms can represent cost savings—savings of which you may not be taking full advantage.

Free trade agreements are on the rise as more countries are looking at them as a way to boost their trade. The U.S. currently has free trade agreements in force with 20 countries and is in negotiations for bilateral and multilateral FTA's with at least 15 more.

It is unquestionable that free trade creates winners and losers, and how a business or individual views them is largely dependent on whether they are more likely to benefit or be hurt by them. Both support of and opposition to free trade agreements arise from a variety of considerations—economic, sociocultural, political, environmental, human rights. But the broad consensus among economists and governments is that free trade is a large and unambiguous net gain for society, and they have become an integral part of global commerce.

With all of the new agreements in place, companies could be missing out on the cost benefits because of the common belief that



FTA qualifications are difficult, time-consuming, and require additional resources to implement and manage. And they would be right....if it was executed manually. Taking the step to automate the process can lead to greater efficiencies by:

- Simplifying the solicitation and management of trade agreements, thus reducing time to gather, analyze, and produce supplier certificates;
- Verifying that the customs entry filing claims are properly declared, thus avoiding higher duties;
- Providing a central storage location for all necessary documents, making them easily retrieved when needed;
- Reducing the time spent producing certificates for customers;
- Eliminating costly human error in origin calculations, which both saves money

and ensures that preferential duty claims can be substantiated;

- Eliminating manual research of FTA rules, soliciting suppliers, and maintaining multiple bills of material;
- Streamlining the ongoing process of determining FTA eligibility.

Automating the process can provide an easy way to manage qualifications for multiple agreements and simplify many of the auxiliary tasks that are part of the FTA administration, making expansion of the number of FTA's attractive and do-able.

(DISCLAIMER: This article is informational only. It does not endorse any software product, nor should it be construed to promote the use of FTA software in general.)

ALL IN A DAY'S WORK: RESCUE AT SEA

According to a press release issued by the Journal of Commerce on September 17, German-based BBC Chartering, the global provider of multipurpose and heavy lift shipping services, reported that its vessel BBC ICELAND assisted a rescue operation in which more than 300 Syrian refugees were found floating in fishing boats off the Italian-Sicilian coast on September 13.

Due to its proximity to the scene, the BBC

ICELAND's master reported the vessel received an order from the Roma Maritime Rescue Coordination Center in the late evening Sept. 13 to remain on standby and assist if needed. In the early morning hours of Sept. 14, the Italian coast guard requested that the BBC ICELAND take on some refugees as they could not all be accommodated onboard the coast guard vessels. In total, 134 were transferred to

the BBC ICELAND. Upon instructions from the Italian Ministry of Interior, they were then taken to the Sicilian Port of Pozzallo, whereupon all 134 Syrians were safely transferred onto the tug boat "Citta di Augusta."

Having completed her first humanitarian rescue mission, the BBC ICELAND left on the afternoon of Sept. 14 and commenced her originally planned passage.

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TRIVIA

1. Can you name three U.S. states whose spellings contain either the letter X or Z?
2. What is Magic Johnson's given first name?
3. Which Beatle leads the way on the front of the Abbey Road album cover?
4. What is the common name of ascorbic acid?

[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.

