

THE TRANSPORT ADVISOR



SERVICE CONTRACTS

A GUIDE TO UNDERSTANDING YOUR AGREEMENTS

It's common for organizations to enter into service contracts without a clear understanding of their obligations and liabilities. The reasons for doing so are clear: on their surface, service contracts are dense and governed by complex regulation that makes them seem inaccessible. The reality of service contracts, however, is that anyone can understand the ins and outs of their agreements with basic knowledge of the few key terms and principles listed below.

Minimum Volume Commitment (MVC) OR Minimum Quantity Commitment (MQC)

Put simply, the MVC or MQC is the minimum amount of cargo that must be shipped for a carrier. In the event that the MVC or MQC has not been shipped by the time the contract is set to expire, approach the carrier to discuss an extension, a reduction in the MQC to volume shipped, or termination of the contract by consent of both parties. Start your discussions early to allow all parties sufficient time to review available options.

Documentation

This clause dictates that the bill of lading must include the service contract number for ease of tracking and reporting. In the event that there is a dispute concerning the volume shipped, this clause will insure that all pertinent information can be obtained in a timely manner. Some contracts may require shippers to supply documentation that verifies the volume being shipped.

Liquidated Damages

This clause establishes penalties for failure to meet MVC or MQC obligations. If there is a failure to meet MVC or MQC requirements, the carrier is obligated to assess liquidated damages.



HURRICANE HELP

For those of our customers in the areas of Houston and Jacksonville and all other areas affected by recent hurricane damage and their consequences, please let us know how we can help.

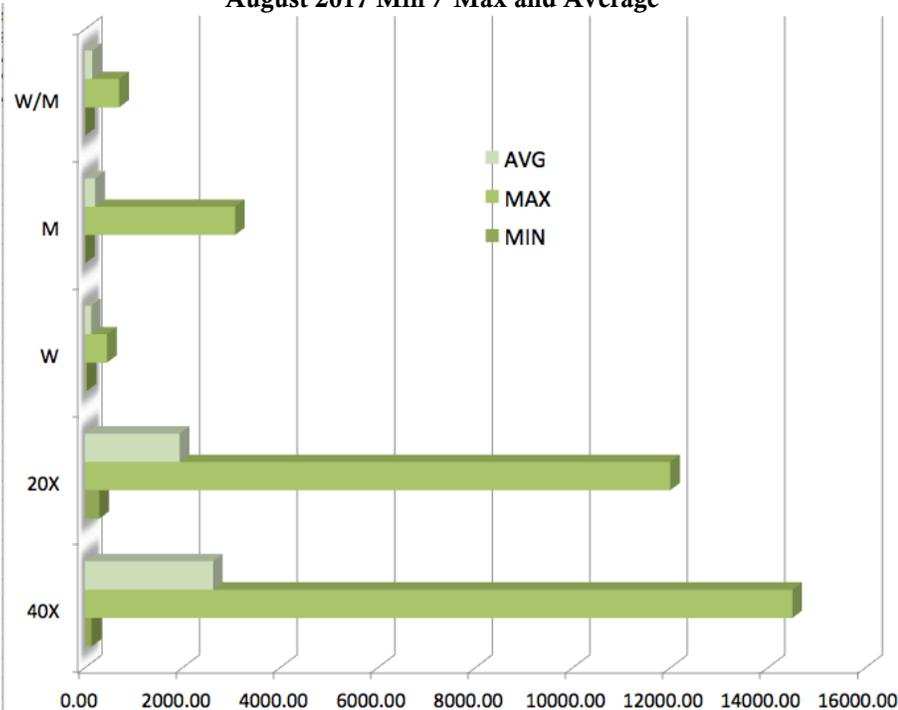
Should you have issues with service disruption, unfiled rates, delay in license renewals or any other issues affected by these recent storm occurrences, call us and we will approach the commission on your behalf in order to see what can be done to lessen or eliminate the impact on your business.

PLEASE ALSO NOTE OUR NEW FLORIDA ADDRESS AS WE MOVED ON JULY 1, 2017

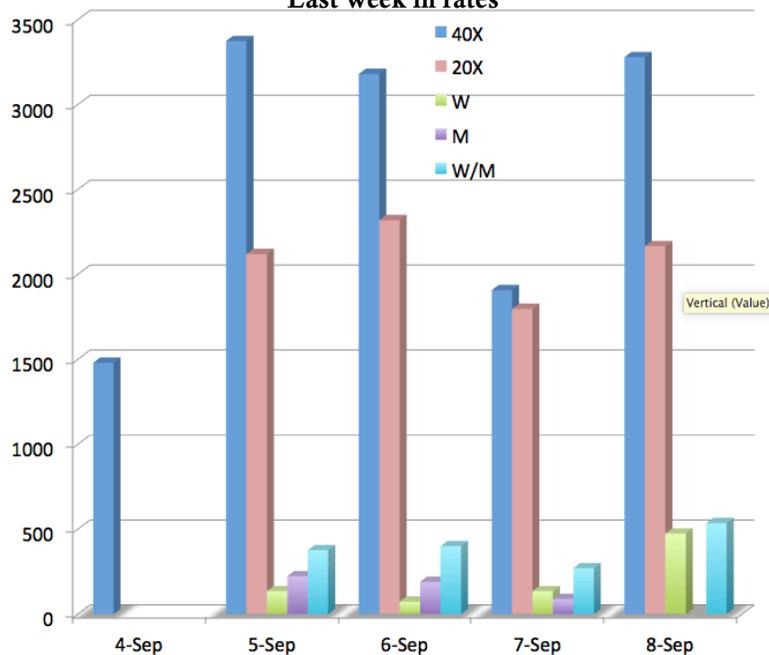
Our regular Spot Market Trends section will return next month.

We appreciate your feedback. Please let us know if this information is useful to you and your business.

August 2017 Min / Max and Average



Last week in rates



Contracts - continued

Signing

All too often organizations will rubber stamp contracts, and in doing so they fail to recognize that each contract is unique in its terms. Taking time to fully understand rates and terms before signing will limit amendments, saving both time and money.

Returned Document

A contract that has not been signed and returned by all parties is not in effect. Save time and trouble by insuring consent has been received from all those concerned.

Database

Compiling contracts into a single, easy-to-use database allows organizations to track contract rates and charges to determine if all business being conducted is profitable. While establishing such a database may be daunting, the convenience and insights that a database will provide into your business practices makes it a necessity.

These few simple concepts are all that is needed to make informed decisions about service contracts. For more information about creating a database of your contracts, please visit our website

(<http://www.globemar.com/contracts.php>).

On July 31 *American Shipper* published an article in their daily feed entitled "Compliance 360: Goodbye to NVO tariff publishing?" Our response (included below) appears in their September issue:

Mr. Gillis

I was both surprised and alarmed to read your article on July 31, 2017 regarding compliance and the cost of Tariff Publishing to the NVOCC community. I find it difficult to believe that any NVOCC is paying in the neighborhood of the figures that you quoted within your article and if they are they are doing it knowing full well that there are cheaper alternatives. One can draw their own conclusions as to why someone would pay more than necessary.

We have operated as a tariff publisher since 1988 to the VOCC community and in 1999 introduced our own publishing software and began offering our services to the NVOCC community as well. We have 3 FMC practitioners on staff and all of our customer service personnel offer a great deal of experience regarding questions of compliance, rule and ratemaking. While many publishers offer a bare minimum of service related to regulatory compliance, our software is state of the art SaaS. If the tariff side is used properly it is the foundation of all documents and directly ties to quoting, documentation, networking and analytics. Additionally we have partnered with another firm to allow for AMS / AES compliance in the US and elsewhere.

We act as a publisher for nearly 300 small, medium and large NVOCC's and the average cost is approximately \$150.00 per month. The larger organizations can pay multiples of that depending on the number of tariffs and the number of filings in each but it is probably only 30% of the totals you quoted in your article.

For those who argue that they are "disadvantaged by the VOCC community" because the operators can mask their filings through contracting, the NVOCC community may also take advantage of either NSA or NRA processes but it has been our experience that neither of these alternatives have been embraced. I guess it is easier to complain.

I can very much appreciate that no one likes undue regulation, but I do believe, we offer a beneficial service to the transport community and the public as whole, with knowledgeable staff, and an eye towards fairness in pricing without gouging. Our systems show that we have nearly 10,000 hits per month from organizations viewing their or someone else's rates and rules. If you know of anyone who would like a cheaper alternative then please pass along our email. We'd be happy to speak with them but in the meantime I hope this information helps set the record straight.

Thank You
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