



Letter from the President

Roger Scarborough
Founder, CEO
Scarborough International, Ltd.

It's Time for NAFTA to be True



If you wonder why the world questions America as a leader and honest neighbor, you only have to look at the issue of Mexican truckers allowed under the North American Free Trade Agreement (NAFTA) for reference. Some 17 years ago the United States, Mexico, and Canada signed a "treaty" to create a trading block that would rival the European Union (EU). One of the provisions with Mexico was that they would allow for trucks from America to operate in Mexico and we would allow Mexican truckers to operate in the U.S. For 17 years, special interests have kept the United States from honoring its commitment to our North American neighbor to the South. Why and what are the consequences?

For 17 years, the special interest groups have claimed harm to American jobs, safety on American

roads, security, and any other politically correct issues they could raise to keep Mexican trucking companies from being able to operate in the U.S. The Brotherhood of Teamsters used their lobby to convince our legislators it would reduce union truckers and their job security while the Owner Operator and Independent Drivers Association (OOIDA) said it would endanger Americans due to the lack of regulatory control over the Mexican truckers. President Clinton gave in to the lobby, President Bush created a "pilot" program, and President Obama killed it when elected. President Obama has now reached an agreement to allow for another "pilot" program. Any guesses why?

Because Mexico finally got fed up with America's excuses and retaliated with tariffs that cost U.S. companies an estimated \$2.4 Billion in lost sales and suddenly several people in congress got the economic message from a broad range of constituents. It is unfortunate it had to come to that, but common sense would have prevented it. For example, under the original pilot program, the Mexican truckers agreed to be regulated by all the U.S. regulations for equipment, hours of service, inspection, insurance, and even an English speaking requirement for the Mexican drivers. In fact, the number of violations by Mexican

truckers during the pilot was lower than their American counterparts.

The overall impact demonstrated during the Bush pilot program was small. Only a few companies participated and out of the 12,516 trips into the U.S. by Mexican trucks, only 11.5% even went beyond the "commercial zone", a normally 5 to 35 mile zone along the border. And only 80 out of the over 12,000 went beyond a border state. Not exactly catastrophic in the impact to jobs compared to \$2.4 billion lost in sales.

Let's look at it a different way. Globalization of our economies is here to stay, whether you like it or not. North America must compete for manufacturing and truck driving jobs as a block or, face the European Union and Asian competition. The good news is we can and will. The bad news is the longer we let special interests thwart cooperation, the more we endanger more jobs than just trucking.

For example, during the same time frame we have been fighting to not allow Mexican truckers into America, the EU has totally opened the entire EU to all truckers from any member nation. Yes, the German and French truckers had to compete with truckers from Poland and Slovakia.

Continued on next page...

Continued...

In fact, any EU trucker can do any job to or from anywhere in the EU, and all the Mexican truckers were going to be allowed to do was deliver OR pick up in the U.S. but could not pick up and deliver in the U.S. They really were not in direct competition like in the EU, yet we

fought for 17 years and the EU went for free enterprise. Does anyone find that odd? I thought America was the land of free enterprise.

It is not only time for NAFTA to be true, it is time for America to remember what made us great. I seem to remember an open economy with free competition on a level playing field for all. Oh yes,

our word must mean something, too! We must be willing to do what we say we will do.

What do you think?

Your comments and opinions are always welcome and highly encouraged.

Please email:

kcmc@scarbrough-intl.com

What's the word on PSS?

The Peak Season Surcharge (PSS) implemented by ocean carriers has already been pushed back this summer! As of now, the PSS is scheduled to be effective July 15th. At this time, we do not have cost information, but as soon as we hear from the carriers we will update you. We do not have word from carriers if that date is final and there is still possibility it will be pushed back even later.

Consol Sailing Schedule

Do you ship LCL freight with Scarbrough's Niche Consol Program? [Updated Sailing Schedule for the rest of the 2011 year available](#). Origins include Shanghai, Ningbo, Shenzhen, Xiamen, Hamburg, Germany and Pakistan. For pricing on these origins or other origins, please email LCL@scarbrough-intl.com

Pier Pass Update

*Austin Martens
Kansas City Branch*



Recently, the West Coast MTO Agreement (WCMTA) announced it will increase the current Traffic Mitigation Fee (TMF) at the Ports of Los Angeles and Long Beach to \$60 per TEU (twenty-foot equivalent unit) in order to continue sustainable operations of PierPass OffPeak gates. The new rate also translates to a TMF of \$120 per FEU (forty-foot equivalent unit). The adjustment will come into effect July 4, 2011.

The OffPeak program was created in response to the rapid growth in container traffic between 2000 and



2004 resulting in severe congestion at the two ports. The off peak hours program provided a financial incentive for cargo owners to move cargo at night and on weekends. Not only did this lighten traffic, but also cut back on truck pollution at peak hours of the day. Since the program's inception in 2005, more than 15 million trucks have been processed under OffPeak and currently make up 55% of all cargo movements.

With a 31% raise in labor costs, OffPeak shifts have operated at a loss since the beginning of the program. Marine Terminal concluded that the new rate was the best option to maintain operations at their current levels. In the future, the TMF will be adjusted annually to accommodate maritime labor costs.

Article Sources:
[Pier Pass Website](#)

Bond Renewals with New Surety Bond Provider

*Tia Tenbrink
Compliance*

Be on the lookout for a new bond renewal in the mail! In order to hold costs steady in this difficult economic climate, through Roanoke Trade, Scarbrough has partnered with a highly rated and respected Surety bond company. We are partnering with American Alternative Insurance Corporation (AAIC) to bring enhanced service capabilities and steady costs for your surety needs. AAIC is an extremely stable and highly rated

company. It has an "A+" (Superior) by A.M. Best Company and has an insurer financial strength of AA- (Very Strong) from Standard & Poor's. There is no need for any action on your part. All surety bonds will automatically and seamlessly be transitioned to AAIC upon the current bond's anniversary date.

Please note that the new surety code is "036" and a new bond number will be assigned. If Scarbrough International, Ltd. processes your U.S. Customs entries, the new surety code and bond information will automatically be updated in our system. If Scarbrough

provides only your bond, please advise your current broker(s) that a new bond will be in effect on the anniversary date of your current bond.

Are you clearing shipments with a single entry bond? Scarbrough International, Ltd. can explain the benefits of a continuous bond and the potential cost savings that a continuous bond can bring to you as an Importer. Contact us for more information or help with a cost savings analysis.

For questions, please email:
ttenbrink@scarbrough-intl.com

Customer Service Just Ain't What it Used to Be

*Sandy Peters
Kansas City Branch*

I've been in the customer service business for going on 34 years and it has vastly changed. When I started in the "real world" after college, we were still using typewriters. Imagine – no white out or correction strips, only carbon sheets if you needed additional copies. You had a typewriter eraser, but if you wanted it to look professional, you just retyped the letter or document. You contacted people by telephone – really!!! I used to work for one of the local county governments where we dealt a lot with business professionals – presidents and CEO's of companies, warehouse managers, and local politicians. Boy, that was an eye-opener in itself!

Let's just say I got an early view of the wheeling and dealing of business people and politicians literally behind closed doors. I can remember a former mayor of Kansas City who fell asleep at the head table of one of our functions. How funny that was! I then jumped into the transportation industry, working it for over 15 years. This time

has given me a new found appreciation for learning how to deal with various problems that arise and jumping through obstacles to solve them. I'm glad to see that Scarbrough carries on the same tradition I have learned over the years: to find a way and come up with a solution that would best meet the needs of everyone involved the best I can.

Truck drivers, for whom I have dealt a lot with, sometimes get a bad rap. Believe me, they take getting the product to the customer just as serious, if not more, than most people realize. I dealt with more than 60-75 phone calls in a day from brokers to salesmen to truck drivers. I swore my name was on every advertisement across the country because it seemed everyone called me. As many can relate, this has taught me diplomacy and how to be angry without losing my cool.

Today, customer service has changed to communicating with e-mails and cell phones throughout the world, as well as face-to-face meetings. No one is really unreachable if you desperately need to get a hold of someone. Even my 92-year-old mother-in-law has a

cell phone. Children have cell phones. Customers or agents are able to call the owners and managers at Scarbrough 24/7 if need be. Talk about being able to get a hold of someone. The managers, not only are available the majority of time in and out of the office, but they are up in the wee hours of the night checking email, solving issues, and communicating with partners overseas.

I, along with my colleagues at Scarbrough, deeply understand the value of every single customer, no matter the size, as well as our partners & vendors. We also understand the importance of communication, urgency and different issues that may arise in this industry. The industry has come a long way and computers and cell phones have given us the ability to work more efficiently and faster which in turn makes individuals work smarter. The changes that have occurred throughout the years have been for the better -- they help us deal with shipments quicker, respond faster and become more resourceful and professional. Customer Service ain't what it used to be! And right now that's a better thing.