

The J-REPORT

Information and News from the World of Compliance and Logistics

John S. James Co.

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INTERMODAL Fuel Surcharges

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Everyone is feeling the pain at the pump. Especially truck carriers whose operating costs are directly affected due to the rising price of fuel.



With fuel being the true driving force to all transportation business it is vital to account for the costs associated with this sector. This is done so by FUEL SURCHARGES.

The Fuel surcharge is an applicable rate or percentage on top of the transportation price in order to help recover operating costs for fuel. The Fuel Surcharge is a weekly national average set by the U.S. Department of Energy's Energy Information Administration.



Why are diesel fuel prices higher than gasoline prices?

Historically, the average price of on-highway diesel fuel was usually lower than or close to the price of regular gasoline. In some cold winters demand for distillate heating oil pushed diesel fuel prices higher. Since September 2004, diesel prices have been higher than regular gasoline prices almost continuously for several reasons:

- High worldwide demand for diesel fuel and other distillate fuel oils, especially in Europe, China, India and the United States, and a tight global refining capacity available to meet demand.
- The transition to lower-sulfur diesel fuels in the United States is affecting diesel fuel production and distribution costs.
- The Federal excise tax on on-highway diesel fuel is 6 cents per gallon higher (at 24.4 cents/gallon) than the tax on gasoline.

What are the products and uses of petroleum?

The most common products from petroleum are energy products: gasoline, heating oil, and diesel fuel. Other petroleum products are: ink, crayons, bubble gum, dish-washing liquids, deodorant, eyeglasses, records, tires, ammonia, and heart valves. A barrel of oil yields these refined products (percent of barrel):

- 47% gasoline for use in automobiles
- 23% heating oil and diesel fuel
- 18% other products, which includes petrochemical feedstock—products derived from petroleum principally for the manufacturing of chemicals, synthetic rubber and plastics
- 10% Jet Fuel
- 4% Propane
- 3% Asphalt

(Percentages equal more than 100 because of an approximately 5% processing gain from refining.) Source: Energy Info. Admin.



Concession Agreement **Clean Truck Program. Los Angeles/Long Beach**

On May 15th, the Los Angeles Harbor Commission approved the Clean Truck Program (CTP) Drayage Services Concession Agreement, which paves the way for the Port of Los Angeles to begin the transition to a Licensed Motor Carrier-based truck concession program beginning October 1, 2008. "The approval of the Concession Agreement marks a major milestone in creating an efficient, reliable short-haul trucking ("drayage") system that will produce rapid improvements in air quality while supporting the Port's long-term business and security-related goals," said Los Angeles Harbor commission President S. David Freeman.

Designed to accelerate the replacement of high-polluting trucks with cleaner trucks, the CTP establishes criteria for providers of drayage services at the Port – including a requirement to commit to using 100-percent employee drivers by calendar year 2013 in a phased-in schedule. The Port will now be able to hold those companies accountable for maintaining trucks and employing properly credentialed drivers. That, in turn, will ensure a sufficient supply of drivers, improve truck safety and maintenance while lowering emissions, enhance Port security and reduce the negative impacts that drayage services have on communities near the Port.

The neighboring ports of Los Angeles and Long Beach are facilitating a multi-billion dollar initiative to underwrite the cost of a new drayage fleet of "clean" trucks that meet 2007 federal emissions standards by January 1, 2012. Although the two ports' Concession plans vary in their details, their collective goal is to reduce port related truck pollution by an estimated 80 percent. "The Concession Agreement is the road map to reduc-

ing truck emissions as quickly as possible while elevating port drayage to 21st Century trucking industry standards," said Port Executive Director Geraldine Knatz, Ph.D. "Our Clean Truck Program will ensure that funds are invested into a sustainable system, where trucks are maintained for maximum emissions reductions and concessionaires operate in a safe and efficient manner."

Beginning October 1, 2008, each Port of Los Angeles LMC-concessionaire will be allowed to use employees, independent contractor drivers, or a combination thereof to achieve its full complement of drivers to operate the concessionaire's Permitted Trucks. But a transition period, based on the percentage of an LMC's gate moves that are handled by employees, is established to facilitate the transition. Concessionaires must transition to having 100 percent of their gate moves at Port of Los Angeles terminals handled by employee drivers by calendar year 2013.



The employee transition period is designed to generally align with the percentage of trucks that will be banned from San Pedro Bay port drayage as part of the progressive ban schedule of older, dirtier trucks approved by both ports in October 2007. However, the percentage of gate moves

that must be made by employee drivers is set at 0 percent for calendar year 2008, even though an estimated 18 percent of the trucks are affected by the October 1, 2008 ban. In addition, the employee transition requirement for calendar year 2010 is deliberately not as sharp as the increase in banned trucks (as much as 80 percent) that results from the January 1, 2010, ban date. The Employee Driver transition period schedule is as follows:

To further improve productivity and cost efficiency, while helping to reduce truck emissions, the Port will ask its concessionaires to agree to work with the Port to develop technologies that track empty containers and match them with deliveries of loaded containers. Concessionaires will also be asked to help develop effective schedule strategies that avoid congestion at terminal gates and optimize the use of drayage trucks.

IMPLEMENTATION DATE	% OF CONCESSION DRIVERS THAT ARE EMPLOYEES
Annual Average Over Prior 12 Months Measured on Below Dates	Annual Average Percentage
December 31, 2008	0 %
December 31, 2009	20 %
December 31, 2010	66 %
December 31, 2011	85 %
December 31, 2012	95 %
December 31, 2013	100 %

Major benefits envisioned by the Port of Los Angeles through its Clean Truck Program include enhancements in the areas of efficiency, productivity and technology. The Port believes that a system which affords more accountability through the use of employee drivers will reduce the number of trucks required to provide drayage by moving away from the present "one truck, one driver" system toward a system that will increase efficiency by allowing multiple drivers to drive trucks over multiple shifts.



The Port of Los Angeles is America's premier port and has a strong commitment to developing innovative strategic and sustainable operations that benefit the economy as well as the quality of life for the region and the nation it serves. As the leading seaport in North America in terms of shipping container volume and cargo value, the Port generates 919,000 regional jobs and \$39.1 billion in annual wages and tax revenues. A proprietary department of the City of Los Angeles, the Port is self-supporting and does not receive taxpayer dollars. The Port of Los Angeles – A cleaner port. A brighter future.

Source: Port of Los Angeles Press Release

ACE Periodic Monthly Statement **Facts**

ACE periodic monthly statements can streamline accounting and report processing and provide the ability to make periodic payments on an interest-free monthly basis

- Payment of duties and fees on a monthly basis;
- Duty payments on the 15th working day of the month, which can result in significant cash flow benefits;
- Online tracking of trade activities through customized account views; and,
- Access to more than 100 customizable reports that can be used to track compliance and monitor daily operations.

Want to know more? Contact your JSJ account manager

John S. James Co. Employee Anniversaries

We would like to acknowledge the contributions of the following JSJ employees, wishing them a happy anniversary in June.



Pat Fosberry	25 years
Len James	16 years
Lesa Drummond	14 years
Sandy Millen	5 years
Penny Perkins	2 years
Beth Lovett-Ward	1 year

We are proud to recognize the following employees for their continued and loyal service with John S. James Co. We are fortunate to have such a high quality staff and want to take this opportunity to say **THANK YOU!**



EXPORT **Hazardous Shipments to China**

With the upcoming Olympic games in Beijing, port authorities throughout China are implementing a ban on Hazardous cargo imports.

Beginning on June 1st, the ports of Shanghai, Xingang, and Tianjin will not accept hazardous cargo. This temporary ban is expected to last into late September.

Chinese authorities may change or update these restrictions with little or no prior notice.



With this in mind, there is the potential for delays, congestion and additional costs imposed by the Chinese Government. be subject to disruption and cause potential delay.

Though there is no mention of hazardous restrictions in other ports, shippers should be cautioned that any hazardous cargo calling or transshipping via these ports prior to final destination may be subject to disruption and cause potential delay.