

Take the right Route

News and Views for the clients of Universal Logistics • Winter 2001

Freight delays inevitable as carriers struggle with "worst fuel crisis in 25 years"

The ongoing fuel crisis is delaying current shipments and will likely delay, or even stop, future bookings.

"We appreciate your understanding during this difficult period," says Universal Logistics President Michael Glionna. "Like everyone else, we hope the crisis will be solved as soon as possible. In the interim, we will make every effort to keep our clients informed of shipment status."

Here is a review of the problems that are delaying shipments in Ontario and Europe:

ONTARIO

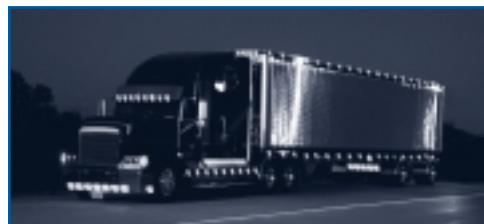
Prices have increased about 75% over the last year. Truck operators say they can no longer make a living and that fuel prices have to drop a minimum of 25 cents a litre. They also warn that truckers will be forced to reduce their cost of operation by cutting back on maintenance, a step that could put more unsafe trucks on the road.

Threats to protest fuel prices by creating blockades were temporarily dropped when Ontario's Economic Development Minister Al Palladini suggested a fuel surcharge, which would ensure fuel costs are passed on to the shipper. Several major shippers

subsequently agreed to start paying the surcharge. However, a breakdown in talks between the government and truckers in early October shows the fuel price crisis is not over and there is still a possibility of truck blockades, traffic jams and shutdowns.

EUROPE

United Kingdom: Blockades at nine major oil refineries in early September prevented fuel delivery to filling stations. Many fuel stations closed and over 100 major motorways were blocked, causing severe disruption to traffic. As a result, haulage companies either ran out of fuel or had only 24 hours of supplies left.



Truck operators say soaring fuel prices could force them off the road.

The Shipping Lines could no longer accept new bookings as they were unable to provide haulage or reserve the right to cancel any existing bookings.

The Blair Government attempted to mobilize the British Army to break down the blockades, but had only limited success.

Belgium: Truck drivers set up blockades in Brussels and sealed off motorways at border crossings with Germany.

Germany: Traffic in both directions on the main A44 German motorway was halted by a barricade of trucks set up near the border with Belgium.

See "Soaring fuel prices" on page 2



The Brown Spruce Long-Horned Beetle has destroyed Red Spruce trees in Halifax, NS.

Getting the bugs out

Are you importing goods from Europe or the Far East?

If the answer is yes, it is important to ensure your shipment is free of insects that could have a serious negative impact on our forestry and agriculture. Moreover, any infested shipment is subject to additional expenses and delays for shipment fumigation.

This issue dates back to 1997, when the Canadian Food Inspection Agency (CFIA) found numerous insect infestations in imported wood packaging. In mid-1998, CFIA implemented a control program requiring that all wood packaging materials used for pallets, crating, dunnage, packaging, securing and bracing devices, must be free of bark, insects and other exotic species, and any signs of insect damage and disease.

In addition, a Phytosanitary Certificate issued by the exporting country's national plant protection organization must accompany all shipments containing treated non-manufactured wood packaging from anywhere other than the USA.

To protect North America's forests and trees from the threat of foreign infestation, Canada,

See "Pest damage" on page 2

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Industry Roundup

Voluntary Disclosures Program

Canada Customs have developed the Voluntary Disclosures Program in conjunction with the Administrative Monetary Penalty System (AMPS). The program allows for the disclosure of inaccurate, incomplete or unreported information.

Companies making a voluntary disclosure will still have to pay the required duty and tax plus interest. However, Customs can provide relief from the monetary penalties and prosecution that would otherwise be imposed under AMPS.

Relief is determined on a case-by-case basis, providing the disclosure is voluntary, complete and involves a monetary penalty and a prior year or period.

Certain goods subject to forfeiture and/or seizure under the Customs Act, or actions resulting from the CCRA's administration or enforcement of other legislation or agreements, are not covered by this policy.

Machinery Program update

Effective January 1, 2001, relief of duty on machinery will no longer be based solely upon a "not available in Canada" status. Instead, tariff relief on production machinery will be on an equal footing with other imported input goods, i.e. on grounds of competitiveness and impact on other Canadian producers. Relief will not be retroactive, except in exceptional circumstances.

Thanks for choosing Universal Logistics

Over the last three months, 29 companies have joined our growing list of clients. In addition, nine existing clients purchased a broader range of services. "We thank each new client for choosing Universal Logistics," says Mark Glionna, Vice President – Client Relations. "It's also gratifying to see that so many of our existing clients are now coming to us for our entire package of logistics services."

The highlights this quarter were nine new Book Publishing clients – a traditional strength of Universal Logistics – and four new Pet Food and Supplies clients, one of our fastest growing areas.

Universal Logistics met their needs with total logistics solutions or individual services, including domestic truck, distribution and U.S. customs brokerage, just a few of the newer services we have introduced in recent years.

Special thanks for the increasing support of our market leading UK services, and our growing services from Germany and Hong Kong.

Soaring fuel prices (cont'd)

France: The government agreed to concessions. However, motorists around the country were still queuing up for petrol. Panic-buying spread from Marseille to the Riviera capital of Nice.

Italy: Taxi drivers and haulers arranged to meet the Transportation Minister following small-scale protests by fishermen.

The international outcry over high energy costs has prompted The Organization of the Petroleum Exporting Countries (OPEC) to announce an increase in production of 700,000 barrels, or just under 3%.

"OPEC is going to do its part to lower the crude price to within the target band," said Ali al-Naimi, Oil Minister for OPEC kingpin Saudi Arabia, referring to the cartel's preferred price range of \$22-\$28 a barrel.

"We hope that the consuming countries will do their part to lower the product price and lower the burden (on consumers)", said al-Naimi, a reference to taxes that account for three-quarters of the price of petrol in Europe.

Pest Damage (cont'd)

USA and Mexico formed the North American Plant Protection Organization (NAPPO).

"Experience has shown us that wood dunnage and other wood packing materials represent a significant pathway for entry of quarantine pests," says Ian McDonnell, Executive Director of NAPPO.

Two important threats are the Brown Spruce Long-Horned Beetle, a native of Europe, and the Asian Long-Horned Beetle, found in the Far East. Both have no natural enemies in Canada. Worse still, the only removal method requires destruction of trees, a step that causes severe damage to urban landscapes and potentially devastating effects on North American forests.

The Asian Long-Horned Beetle is a direct threat to hardwood forests. The pest has been found in a warehouse in Waterloo, Ontario, and in wood crating in Vancouver.

The Brown Spruce Long-Horned Beetle has caused major destruction of red spruce trees in the Point Pleasant Park,

Halifax, NS. To date over 1,100 dead and dying trees have been cut down and the park is now under federal plant quarantine.

To ensure your shipments are not harboring foreign pests, we recommend that you ask your suppliers to use packaging of manufactured wood, plastic or aluminum. If non-manufactured wood packaging is used, it must be treated using an approved method and accompanied by a Phytosanitary Certificate.

For info, call Brian Rowe (905-882-4880)

At Your Service



Grace Barnard

The newest member of our Client Relations team is Grace Barnard. She brings to her new responsibilities more than 20 years of experience with Universal Logistics, including ocean and air freight and customs brokerage. Grace welcomes the opportunity to meet with you in person to discuss your logistics needs.

Which Glionna is which?

Congratulations to the winners of our "Which Glionna is which?" quiz: Brian Broughton, B. Broughton Company Ltd.; Marie Brescacin, Lidija Jovcevska, Helen Butchart, General Publishing Co. Ltd.; Bill Ivany, GVMF Canada; Tanya Hoffman, Fosoco Canada Inc.; Brian Semkowski, Southwest Sun Inc.; Lindsay O'Toole, World Transport Agency (WTA). See photos for the correct answers.



Mark Michael David Paul



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