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Cost-Savings Corner: Help! I'm Hazardous! Carrier Surcharges and Federal Fines

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All shippers in the U.S. have to follow the regulations for shipping hazardous materials and dangerous goods established by the Title 49 Code of Federal Regulations (CFR). In addition, they have to meet the unique requirements of the parcel carrier that is transporting their hazardous materials or dangerous goods.

If you've ever shipped HAZMAT or dangerous goods according to federal and carrier regulations, you probably know that carriers charge different surcharges for different items. These surcharges are based on specific criteria, but generally speaking, they're based on the levels of danger that different items present. You can safely assume that the more dangerous the item, the more it will cost to ship.

There are several reasons it is important to anticipate the right surcharges and forecast them correctly prior to shipping new HAZMAT items, but perhaps the most compelling reason is that knowing the total cost beforehand can help prevent people from being tempted to cut corners in an effort to reduce costs later on. Hazardous materials and dangerous goods surcharges are real pain points for some companies. Unlike other carrier surcharges, they cannot be negotiated.

How do companies try to cut corners? The most egregious offenders ship without disclosing that their materials are HAZMAT at all. Other companies simply classify their HAZMAT items and dangerous goods inaccurately in order to assess lower surcharges.

Of course, not all shippers try to cut corners; most shippers that aren't following regulations simply don't realize that they're shipping hazardous items or classifying them incorrectly. The problem is that whether mistakes are made intentionally or unintentionally, they can result in serious consequences.

The government can charge shippers extremely high fines for not adhering to the Title 49 CFR. According to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) website, "Federal hazardous materials law has set \$50,000 as the maximum civil penalty that may be assessed for a violation with \$250 as the minimum civil penalty, except for training violations which are set at a minimum of \$450." Shippers may also face legal trouble. The PHMSA website states, "If an inspection has revealed violations warranting the initiation of a civil penalty enforcement case, the matter is referred to PHMSA's Office of Chief Counsel."

Think of how important it is to classify freight using the standards established by the National Motor Freight Classification (NMFC) when shipping LTL freight. It is equally or more important to classify hazardous materials and dangerous goods using the Title 49 CFR.

How can you ensure that your company classifies all items in accordance with government regulations and carrier requirements?

Candy Cook, president of DGI Training Center, the largest dangerous goods transportation training company in the U.S., says it all begins with awareness and training. In a recent conversation, Cook explained, "A lot of shippers may be unaware that what they're shipping is hazardous. Ignorance is no excuse for not following regulations. You have to be aware of what you're shipping to get the information and training you need. If you ship dangerous goods, every single person in your company needs general awareness and function-specific training according

PARCEL

to duties. This applies to shippers, freight forwarders, carriers, drivers and everyone in the shipping train.”

Carriers actually require HAZMAT and dangerous goods shippers to be trained and certified. While they don't train and certify shippers themselves, they will often sponsor training sessions by third parties that result in certification. There are many third parties that provide HAZMAT and dangerous goods training and certification programs that are recognized by parcel carriers.

Just as it is up to shippers to know their surcharges and plan accordingly, it is up to shippers to get the right training and carrier-recognized certifications and adhere to regulations. Not adhering to regulations may not only result in fines, but damage shipper-carrier relationships. (If you don't abide by the rules, your carrier may simply opt to stop working with you.) Taking the necessary steps to ship hazardous materials and dangerous goods properly is worth the effort. The risks associated with doing anything else are just too great.

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