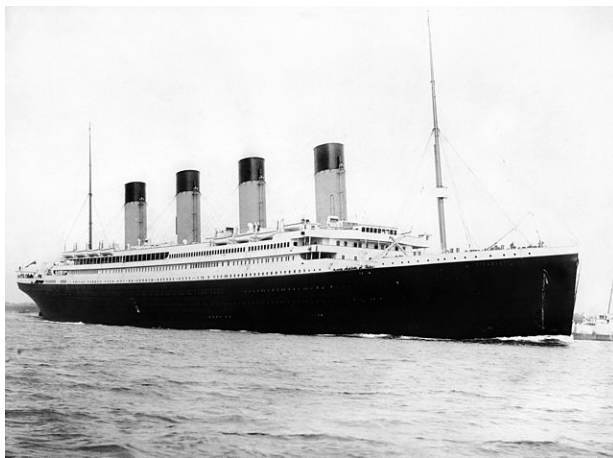


Reefer Rates to Skyrocket!

The transportation and logistics industry is the Titanic and you're the poor soul freezing in the crow's nest. An iceberg is dead ahead....what are you going to do? Will you be able to help turn the ship in time?



Few in the industry know about a major law that is about to light a fuse under reefer rates.

The Food Safety Modernization Act (FSMA) was passed by Congress and signed into law by President Obama in January 2011. The law has many provisions that apply to different parts of the food supply chain and those provisions have all begun to be enforced throughout the last year or so. It's about to be trucking's turn.

The FDA has determined that the four primary causes of contamination during transport are:

1) Temperature abuse (failure to maintain proper temperature during transport)

2) Improper containers or transportation equipment

3) Improper protection

4) Intentional adulteration of food.

So, the new regulations should help prevent these food safety issues by establishing national guidelines for conditions, training, practices and record keeping as it relates to transportation.



The Proposed Regulations

If you haven't heard of this yet, then here are some basic highlights of the **Sanitary Food Transport provisions**, as they currently stand:

- 1)** Transportation companies will have to utilize vehicles, trailers, containers and other types of transportation equipment that is designed to prevent the contamination or adulteration of food.

- 2)** Adequate controls have to be developed, documented and implemented (including having adequate temperature control equipment that is functioning properly and a clear separation of food and non-food items).

3) All carrier personnel will have to be trained in sanitary transportation practices. This training will have to be documented and the documentation will have to be able to be provided on demand.

4) The carrier will have to be able to exchange information with shippers easily and in a documented format. Prior cargos, the cleaning of transportation equipment, pest control of holding areas, temperature control readings, etc. will all have to be completely documented and that documentation will also have to be provided on demand.

5) Any facility that holds food could also be required to develop a Food Defense Plan, which will outline specific measures that have been put into place to combat intentional food adulteration. (Final rulemaking on this portion is due out in late May 2016 and it will have similar implementation requirements).

We don't know exactly what the final rules say yet. But, we do know that everyone involved in the transportation and storage of food will now be facing increased standards of care in handling food products.

There will be much greater (direct and indirect) costs that will go along with that, and motor carriers will have no choice but to pass those costs on to their shippers!

What's Next

The FDA is expected to present their final regulations dealing with the Sanitary Transportation of Food by the end of **March 2016**.

All motor carriers who have more than 500 employees or above \$25.5 million in annual revenues will be required to comply with the new regulations within 1 year of it being published (**April 1, 2017**).

Carriers with revenues and employee counts less than that cutoff will have 2 years to fully comply (**April 1, 2018**).