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## FORECAST: POSSIBLE TSUNAMI OF PACKAGES HEADED YOUR WAY

Every so many years, UPS renegotiates its contract with the Teamsters Union. The next contract is due to expire on July 31, 2013 involving two different contracts and some 250,000 to 265,000 employees. What's in it for you could be some portion of 16 million daily parcels and letters tendered or received by approximately 8.8 million global customers.

A major sticking point in negotiations at UPS is use of the USPS to handle small packages for UPS. The argument is that the program reduces the need for drivers and could be a violation of the union contract to not sub-contract deliveries.

The most important thing to understand is that corporate inaction or a wait-and-see strategy is no strategy at all. Of

course every company would love an opportunity to funnel additional parcels into their systems, BUT without proper planning, customers could actually be lost due to poor on-time service, missed pickups and split shipments. Steps must be taken to maximize this potential windfall and avoid any possible losses.

With a slowing U.S. economy, fiscal cliff supposedly averted, monetary crisis in Europe, still-elevated unemployment, and threats from UPS's very formidable rivals, it is thought that the Teamsters will be anxious to strike a deal, and to do it quickly. But both sides are currently dug in.

### **Are you prepared for the possible tsunami?**

## ROUND 2: DEJA VU

On Tuesday, Jan. 2, Congress passed a bill that averted the 'Fiscal Cliff' preventing broad tax increases by raising taxes on higher-income Americans. The largest tax increase in two decades. However, the bill did not extend the 2% FICA tax rate cut technically raising taxes on ALL Americans earning an income.

Upon passing the bill, President Obama expressed his glee by saying, "Thanks to the votes of Democrats and Republicans in Congress, I will sign a law that raises taxes on the wealthiest 2% of Americans while preventing a middle-class tax hike that could have sent the economy back into recession and obviously had a severe impact on families all across America."

Huh?

While the bill does prevent raising tax rates on the middle-class, the 2% FICA tax rate increase does the same damage. Many expect Americans to pull back on spending as a result.

The stinging reality is that any significant spending cuts and the soon-to-come fight over the debt ceiling could further stagnate the already fragile economy, prolonging any hope of a recovery. Additionally, federal regulations from Dodd-Frank, EPA and ObamaCare continue to hang over the head of business. While business holds an estimated \$1 trillion on the sidelines, many business leaders have expressed their trepidation and disappointment.

Source: wsjonline.com by Janet Hook, Corey Boles and Siobhan Hughes

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