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May 29, 2003

The Honorable Norman Y. Mineta, Secretary  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20590

In re: Docket OST-2003-14480

Dear Secretary Mineta:

Zenith Electronics Corporation submits these comments in response to the filing by the International Air Transport Association (IATA) seeking approval of a cooperative agreement that would raise air freight shipping rates on lower density cargo. Zenith objects to this approval for a number of reasons, namely the severe negative impact on our industry, our company and American consumers

As a company employing significant international air freight, Zenith has a keen interest in this issue. You are probably aware that Zenith is a long-time U.S. leader in consumer electronics, a company that has invented countless industry-leading developments, including wireless TV remote controls, portable and push-button radios, and the nation's digital television broadcast standard. Today, armed with the digital display technologies of our parent company, LG Electronics, digital products comprise more than 90 percent of our product line.

The rate increase proposed by IATA would be significant, and dramatically affect the consumer electronics and high-tech industries. Along with other participants in these industries, Zenith ships a very large number of "low density" packages, which take up cargo space but do not contain much weight. IATA's proposal would revise the conversion standard used to determine air shipping rates for these packages, and would add 10 to 20 percent annually to the cost of shipping these products by air. The Consumer Electronics Association has estimated that this revision would increase rates by at least \$1.2 million for the average consumer technology company that ships packages by means of international air freight. Obviously, this would be a substantial burden for Zenith and other companies.

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Contrary to IATA's assertions, this revision will not serve the public interest because it will impose substantial additional costs on consumers and manufacturers of consumer electronics equipment. The higher costs incurred by manufacturers will be passed on to consumers, resulting in higher prices for consumer electronics equipment. These higher prices may well result in reduced consumer purchasing, with subsequent negative impacts on employment in a critical sector of the economy. This change should not be undertaken, particularly in these difficult times for our Nation's economy.

IATA has presented insufficient justification for its proposed rate increase. To our knowledge, there are no operational circumstances that mandate this revision. Further, marketplace dynamics (including, where appropriate, negotiated rate adjustments) should govern competition and rates. The government should not approve a rate increase masquerading as an updated shipping standard.

For these reasons, Zenith opposes the proposal in Docket No. 2003-14480, and urges the Department to reject IATA's request.

Cordially,

John I. Taylor, Vice President

Zenith Electronics Corporation

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