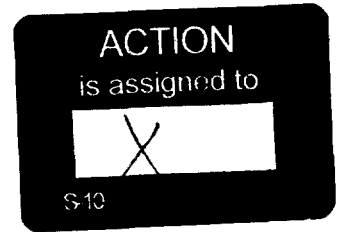




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DEPT. OF TRANSPORTATION
DOCKETS

2003 JUN 13 P 12: 05



May 27, 2003

OST-02-14480

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

Dear Secretary Mineta:

This letter is in regard to the proposal by I.A.T.A. to revise the conversion standard for low-density packages in order to determine air-shipping charges. Audiovox is opposed to this proposition for the following reasons:

Industry estimates state that the cost of air shipping would increase 15 to 20 percent if this proposal is implemented. We believe this number could be higher as it addresses the base cargo rate but fails to take into consideration the frequent surcharges that come up during the course of the year.

For years, airfreight rates were based on two seasons—peak and off peak. However, we've noticed that in the past year or so, the seasons have changed to something like peak and ultra peak. This means there has been little difference in the rate structure between busy and slow air cargo months. In any event, the airlines and the shipping community always reached a common ground whereby the rates continued to be market driven. If the I.A.T.A. resolution is passed, it will gain a government granted increase disguised as an updated shipping standard and eliminate the market driven rate structure.

The electronics industry would be severely damaged by a change in the conversion standard, not only from freight cost point of view, but from a packaging standpoint as well. If the resolution were to pass, our industry would have to undergo a metamorphosis in package design in order to lessen the impact of the conversion, which will be costly to say the least.

The increase in airfreight cost will in turn affect economic growth, consumer prices and jobs in the high tech industry as well as other sectors already burdened with challenging economic conditions.



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The real benefactors of I.A.T.A's action will be the foreign flag airlines as they derive more than half of their revenue from cargo shipments than does their U.S. counterparts.

Mr. Secretary, I.A.T.A. Resolution 502 is simply not good for worldwide air cargo traffic. In the final analysis, we hope you'll feel the same way.

Thank you kindly for your attention.

Very truly yours,

Patrick E. Moffett
Vice President Global Logistics

Cc: John J. Shalam
President & CEO Audiovox Corporation
Philip Christopher
President & CEO Audiovox Communications Corporation
Patrick Lavelle
President & CEO Audiovox Electronics Corporation
Michael Stoehr
Sr. Vice President & CFO Audiovox Corporation
Robert Levy
Corporate Counsel
Doug Johnson, Consumer Electronics Association