

Implementation of SOLAS Verified Gross Mass (VGM) Regulations



Safety Of Life At Sea -171 countries



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VERIFICATION OF CONTAINER WEIGHTS:

BACKGROUND AND NEW OPERATIONAL REALITY

Shippers and terminals weigh containers anyway

So what is new?

Now it is verified !!



The closest reason for amendment to SOLARS 2014

Magnitude of the problem

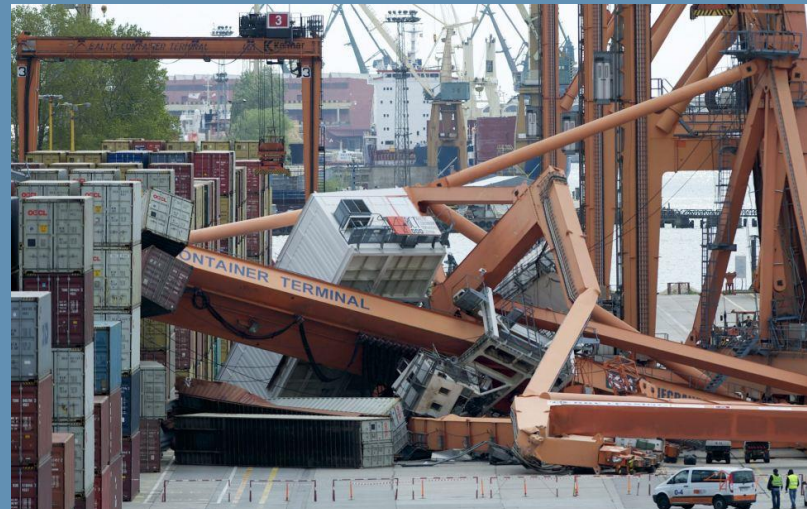


Official British investigation of the *MSC Napoli* structural failure incident (2007):

- 20% of the containers on deck had actual weights that differed more than 3 tons from their declared weights.
- The largest difference was 20 tons.
- The total weight of the 20% misdeclared containers was 312 tons *heavier* than on the cargo manifest*.

2011 the vessel was identified a Deneb a 508 TEU feeder vessel which capsized while berthed at APM Terminal's container facility at the port of Algeciras .

What are the other problems? Incorrectly stowed and secured cargo and misdeclared container weights



Misdeclared weights lead to:

- Risk of personal injury or death to crew and shore side workers
- Ship instability
- Incorrect vessel stowage
- Collapsed container stacks
- Re-handling and re-stowing
- Higher operating costs
- Chassis and ship damage
- Supply chain delay
- Shut-out of accurately declared cargo
- Road safety problems

What about customs?



- Ukraine Customs weighed all containers over a two week period in October 2012 discharged in Ukrainian ports:
 - ***56% of the containers had an actual weight greater than the weight stated in the carrier's cargo manifest.***
- Other Customs administrations have reported similar findings (e.g. Poland and India).
- World shipping council



is



the
declaration



VIOLATION

Customs Valuation



Implementation of SOLAS Verified Gross Mass (VGM) Regulations



Legitimate Shippers' Position

Legitimate shippers' position was



There are mainly 3 contracting parties
Shipper : Ship : Terminal operator

- 64%+ of global shippers in most trade lanes compliant **without** new regulation
- Why should **genuine shippers be** penalised with new process/cost and time?

Shippers position was-solution available



- Most modern terminals anyhow weigh containers for their own equipment safety and has a direct link with the ship on loading and unloading for balance/ stability etc.
- At a time of BL/manifest details submission the shipper is expected to declare correct weight which would be the cargo dispatch note information
- If the declaration is not as per cargo dispatch note the terminal should have reported the same to customs and ship as it is fraud. Link WCO ASYCUDA++ to terminals
- Penalising or shutting out should be: first the national border authority - the customs
- If cleared by customs: then the option is for the ship to decide and notify shipper with either warning or shutout

Rationality why not air cargo



A compromise proposal advocated by GSF in IMO

- To provide flexibility for shippers in VGM
- Recognising that terminals lack weighing capability
- Lack of certified weigh bridges
- More suitable for homogenous type products with known weight per pallet or other transport unit and shippers with existing audit systems

Implementation of SOLAS Verified Gross Mass (VGM) Regulations



The baby is born :The focus

Focus on 'Shipper'

The regulation requires:

- Obtain VGM
- Communicate VGM
- 'Sufficiently in advance'

What needs to be considered:

- Who is the 'shipper'? – named on bill of lading
- How best to 'obtain' VGM:
 - method 1 or 2?
 - if method 1, what, where and who? Reliance on 3rd party?
- Method 2 does not apply to bulk including liquids in ISO tanks
- What is required for effective communication?
 - between consolidated / co-load partners
 - shipper / carrier / terminal
- What deadlines apply?
- Contractual provisions when shipper relies on another party – liability?



Focus on 'Carrier'

The regulation requires:

- Receive VGM (jointly with the terminal)
- Use VGM in ship stowage planning
- No load if no VGM

What needs to be considered:

- Communication standards – paperwork, EDI
- Clarity with shippers over deadlines
- Source VGM if unavailable?
- Agreement with terminals:
 - services to be provided
 - exception handling
- Record keeping.



Focus on 'Terminal'

The regulation requires:

- Receive VGM (jointly with the carrier)
- Use VGM in ship stowage planning
- No load if no VGM

What needs to be considered:

- In-gate processes & exception handling - EDI
- VGM unavailable:
 - reject, store/space, weigh?
- Offering weighing services?
 - check-weighing
 - providing VGM
 - certified weighing system
- Contracts & invoicing processes:
 - With carrier or shipper?
- Liabilities issues?



Focus on 'Governments' (Competent authorities)

The regulation requires:

- Implement SOLAS changes into National Laws

What needs to be considered:

- Accuracy of weighing systems?
- Certification of weighing systems
- Requirements / approvals for M2
- Penalties for non-compliance:
 - VGM allowable tolerance?
 - Shipper's penalty for VGM miss-declared?
 - Penalty for loading ship without VGM?



How does the shipper verify?:

Two methods:

- Weighing the whole container
- Using a calculated method

- IMO-Amendment to SOLAS Chapter V1, Part A Regulation 2
- Applies to all IMO contracting States
- Exemptions:

Packed container on a chassis or trailer to be driven on a ro-ro ship which is engaged on short international voyages

Does not exceed 600 miles in length between last port of call in the country in which the voyage begins and the final port of destination

Transshipment boxes

Who is the Shipper?

- In the general course of business in traditional sea transportation the exporter, who is obliged under a sales contract with an overseas buyer to arrange the carriage of goods by sea to the place of destination, is the shipper. Under these circumstances, he has to conclude a contract of carriage with a ship owner to carry the goods to the overseas port of destination. This contract is known as a contract of carriage by sea (or contract of affreightment). The ship owner (carrier) will issue a bill of lading or seaway bill setting out the terms of contract. The shipper will be named as the “shipper” on the bill of lading, sea waybill or other transport document
- Accordingly, for the purposes of the container weight verification rules the shipper will be the party that is named on the bill of lading, seaway bill and other relevant transport document. In other words, the shipper is the person or party that enters into a contract of carriage with the ship owner. The “traditional shipper” can sometimes referred to as the “sender”, “actual shipper”, “physical shipper”, manufacturer, consignor or cargo owner.

Who is the Shipper? The definition of a shipper in the IMO Guidelines on Verification of the Gross Mass of a Container Carrying Cargo is as follows



- Shipper": "a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document (e.g. "through" bill of lading) as shipper **and/or** who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company." (IMO Guidelines*)
- **and** – shipper as 'principal', on own behalf
- **or** – shipper (e.g. forwarder) as 'agent', on behalf of another party (e.g. the true "shipper")
- Party named on the bill of lading (contract of carriage) = "Shipper" for the purpose of SOLAS Regulation VI/2

- *“The responsibility for obtaining and documenting the verified gross mass of a packed container lies with the shipper.”*
- *“A packed container with packages and cargo items should not be loaded onto a ship to which the SOLAS regulations apply unless the master or his representative and the terminal have obtained, in advance of vessel loading, the verified actual gross mass of the container”*

- Weighing the packed container plus container tare using calibrated and certified equipment, or have arranged by a third party to weigh
- Any weighbridge/weighing equipment used needs to be certified/calibrated and approved by the competent government authority
- Validated stamp/mark verifying gross mass weight and container number issued by weighbridge operator

The Shippers' Responsibilities-Method 2



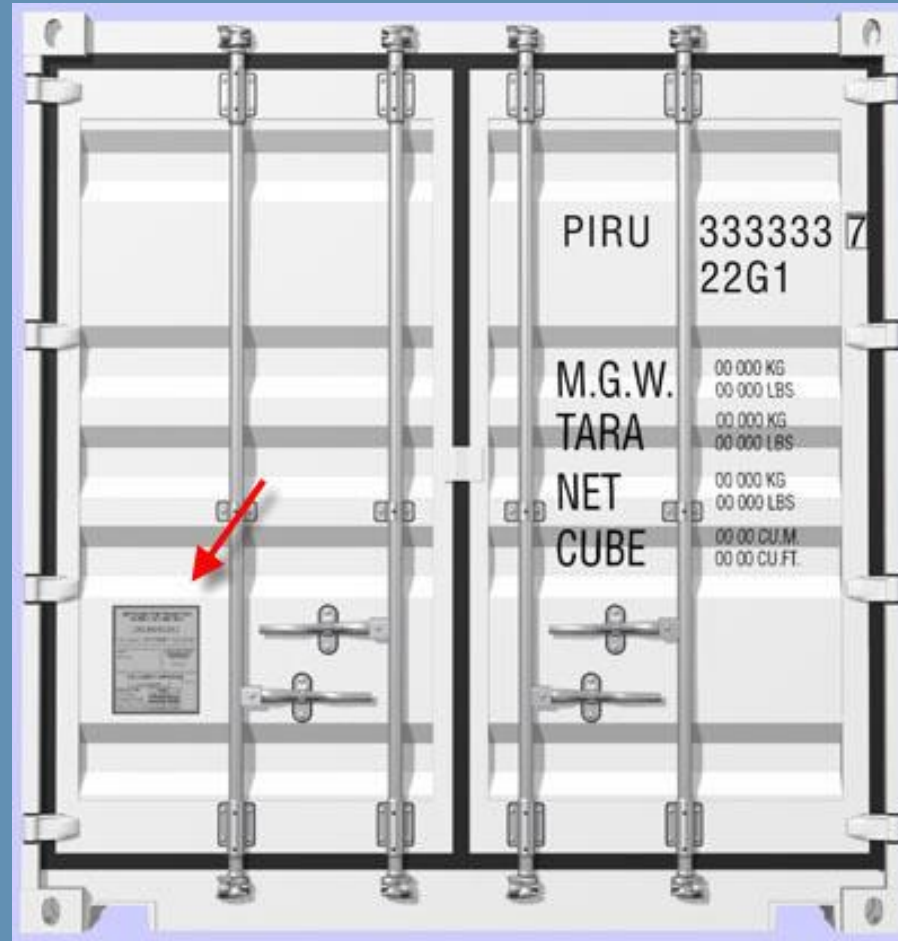
- Weighing all packages and cargo items, including pallets, dunnage and other securing material, adding the tare weight of the container to the sum of the single masses:

*Using a certified process approved by the competent national authority.
How certification is to be done is up to the State concerned*

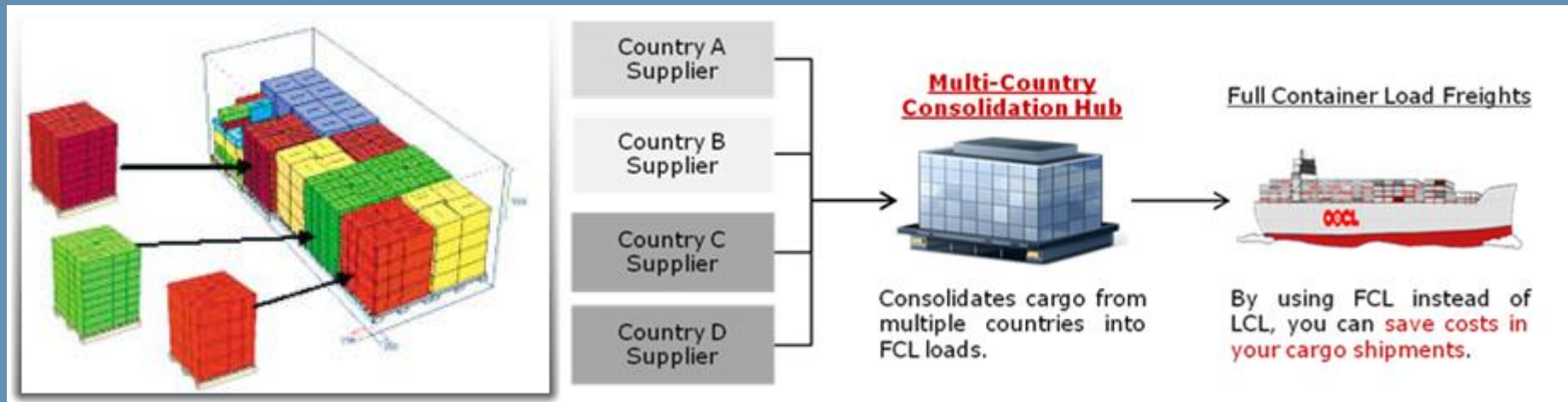
- *Certain types of cargo items (scrap metal, un bagged grain, other bulk goods would be inappropriate to use method 2*

Container Safe Convention" plate

CSC SAFETY APPROVAL	
A/CS-1234 – 123 / 2013	
DATE MANUFACTURED	09/2013
IDENTIFICATION NO.	CMCL 13 123456
MAX OP GROSS MASS	32,500 KGS 71,650 LBS
ALLOW STACK LOAD FOR 1.8g	192,000 KGS 423,280 LBS
RACKING TEST LOAD VALUE	15,240 KGS 33,600 LBS
ALLOW STACK LOAD ONE DOOR OFF FOR 1.8g	61,000 KGS 134,480 LBS
RACKING TEST LOAD ONE DOOR OFF VALUE	5,650 KGS 2,460 LBS

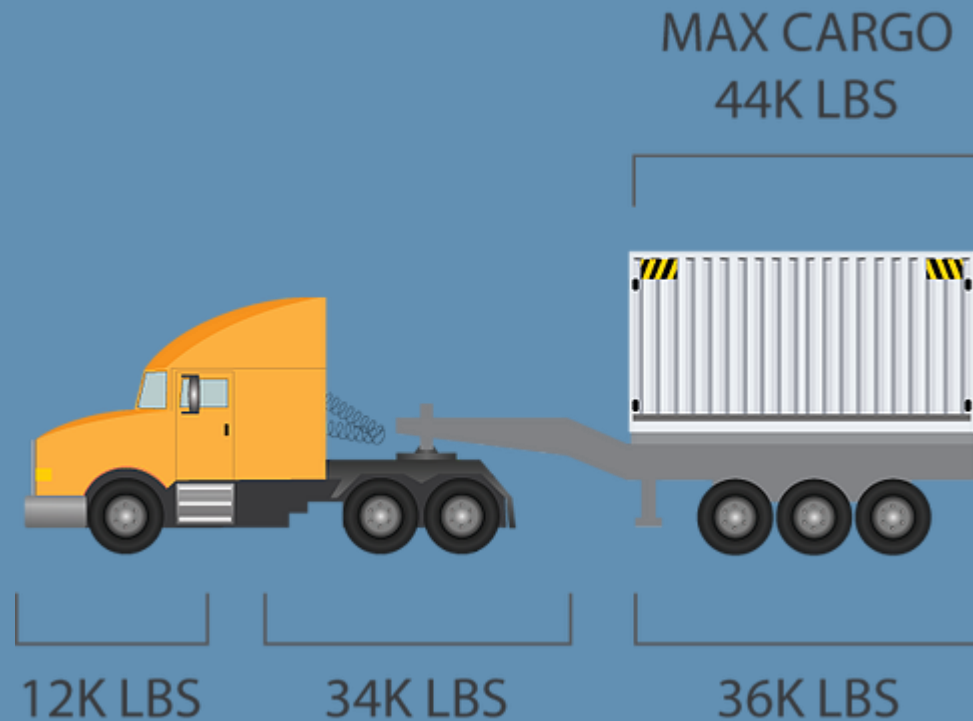


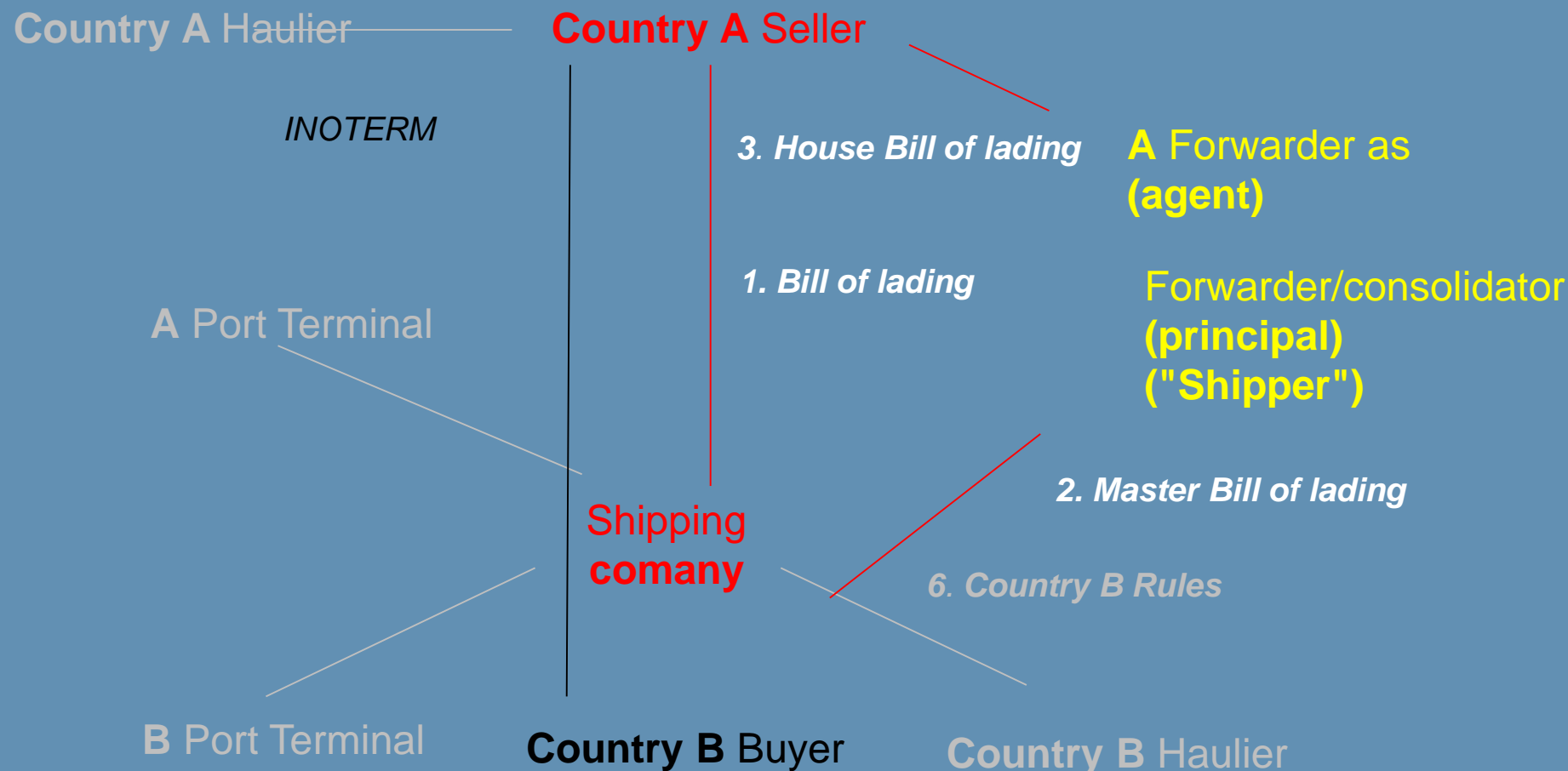
Multi country consolidation: service needed at ports







What about the responsibility of truckers?



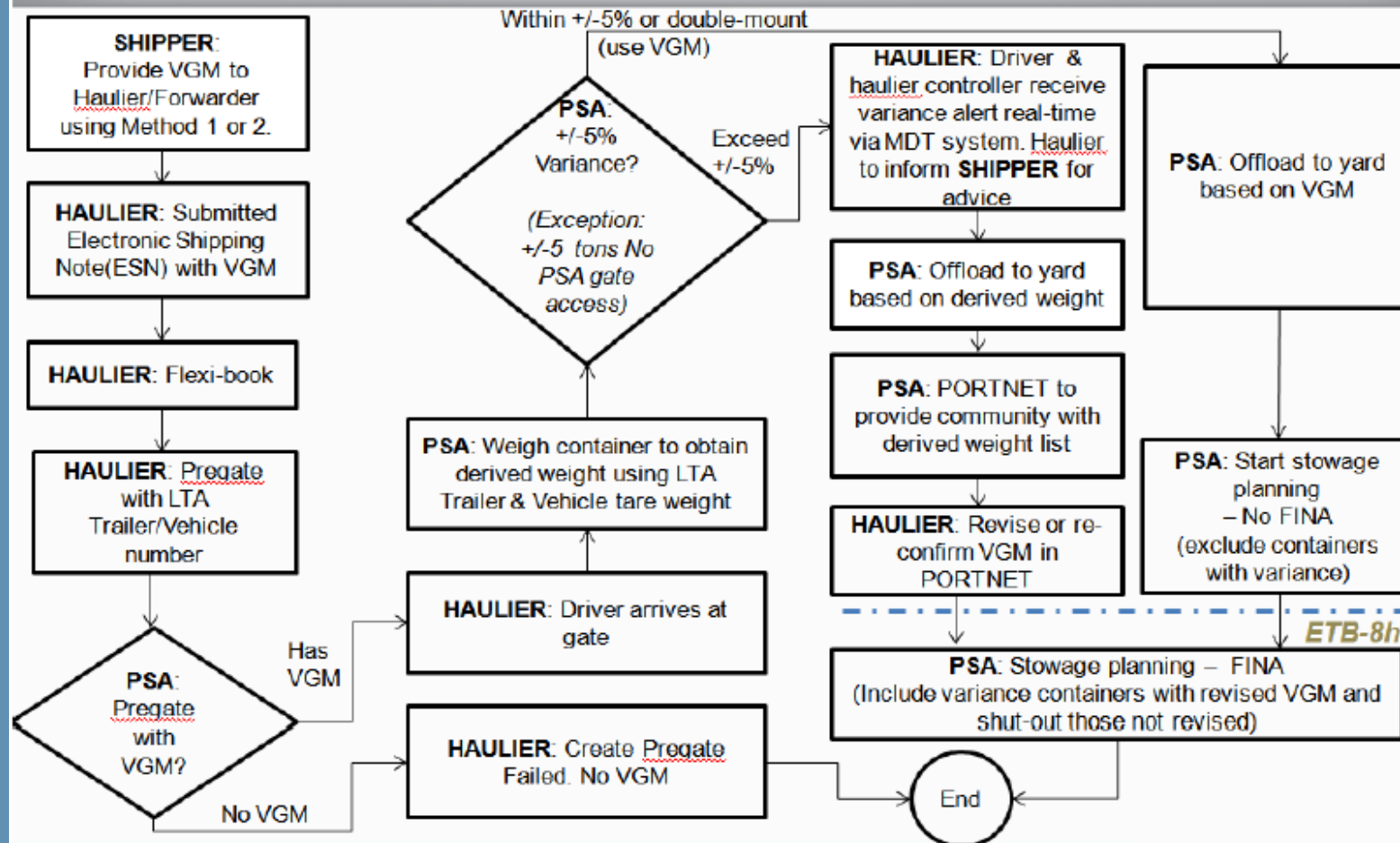


- Shipper-Shipping Line Contracts
 - Bespoke contract/volume agreement
 - Contract of carriage-bill of lading
- Shipper-Packer contracts
- Shipper-Forwarder contracts-bespoke, house bill of lading, standard forwarder terms & conditions (STCs)
- Shipper outsourcing container weighing
 - Exercise due diligence
 - Seek contractual protection (for enforcement penalties)

- SOLAS requires the shippers to communicate verified GM weight in a shipping document (Standard Shipping Note/Instructions) EDI can be used
- The documents can be part of the shipping instructions to the shipping company or a separate communication (e.g. weight certificate produced by weigh station using calibrated and certified equipment).
- The document should clearly highlight that the gross mass weight is the “verified gross mass”
- Signed by a person duly authorised by the shipper
- Information flow: SHIPPER  Shipping Line  TERMINAL

Singapore Model

SOLAS Export Flow



Draft Government regulation **highlights**
Merchant Shipping Secretariat
MINISTRY OF PORTS AND SHIPPING





3.2 The provisions of SOLAS Chapter VI, Part A, Regulation 2 do not apply to:

- i. A packed container on a chassis or trailer to be driven on a ro-ro ship which is engaged on short international voyages
- ii. Cargo items tendered by a shipper to the master for packing into a container already on board the ship.
- iii. "Offshore containers" to which the CSC, according to the Guidelines for the approval of offshore containers handled in open seas (MSC/Circ.860) and the

5 Methods for obtaining the verified gross mass of a packed container

Both Method 1 & 2



Draft Government regulation highlights Merchant Shipping Secretariat



5.4 Approval process for shippers wishing to use Method 2

5.4.1 In order to use “Method 2” SOLAS requires that the MSS has to approve the certified method used by that shipper. Recognising that shippers use differing methods of work and management systems the routes to obtaining approval are:-

1. Businesses holding an accredited Quality Management System (such as ISO 9001:2008 or 2015), which include documented procedures to satisfy the weighing requirement, will be deemed to have demonstrated their competence to use Method 2. The shipper will be required to submit the relevant procedures along with a copy of the any certificates to the MSS.
2. Other auditing schemes as approved by the MSS

5.4.3 Companies which successfully become authorised to use Method 2 will be registered on a database, overseen by the MSS. The database will be accessible to approved shippers and to both carriers (shipping lines) and port/terminal operators in order that, if they wish to or suspect a discrepancy exists, it may be confirmed, that particular containers are being presented by companies certified under Method 2, as required,.



6 Documentation

6.1 The SOLAS regulations require the shipper to verify the gross mass of the packed container using Method 1 or Method 2 and to communicate the verified gross mass in a shipping document. This document can be part of the shipping instructions to the shipping company or a separate communication (e.g. a declaration including a weight certificate produced by a weigh station utilising calibrated and certified equipment on the route between the shipper's origin and the port terminal or in the case of Method 2 the shipper's approval number must be included). In either case, the document should clearly highlight that the gross mass provided is the "verified gross mass". If appropriate, EDI methods can also be used.

6.2 Irrespective of its form, the document declaring the verified gross mass of the packed container should be signed by a person duly authorised by the shipper. The signature may be an electronic signature or may be replaced by the name in capitals of the person authorised to sign it.

6.3 Cargo Dispatch Note (CDN) which is a statutory document used by shippers at present for each and every export container already has a provision for declaration of the accurate gross weight of the container. CDN could therefore be used as the VGM declaration with minor amendments to eliminate an additional document introduced for this purpose. Port terminals will use the duly authorized CDN as the VGM declaration for specific container to avoid having to examine additional documents at terminal gates.



8 Declaration and Discrepancies in gross mass

8.1 Any discrepancy between a packed container's gross mass declared prior to verification and its verified gross mass should be resolved by use of the verified gross mass. Maximum permissible error during verification shall be accepted as $\pm 5\%$. All the weight to be rounded off to the nearest half ton upwards

8.3 All trucks must carry a certified tare weight certificate for both the PM and the trailer separately. When calculating the tare weight of the truck, both the certified tare weight of the PM and the trailer should be added and rounded off to the nearest half ton upwards. DGMS office shall implement a method for annual weighing of all PMs and trailers and this may be linked to the renewal of port entry permit for specific trailer/PM.

8.4 Following process will be implemented at Port terminals

8.4.1 All export laden containers are weighed using weighbridges at IN GATEs of respective terminal.

8.4.2 Truck driver must have in his possession the valid weight certificates for the PM and the trailer and produce same to the terminal gate clerks. Tare weight of the truck will be calculated by adding the weight of the trailer and the PM and round it off to the nearest half ton upwards.



Draft Government regulation highlights Merchant Shipping Secretariat



8.4.3 Gross weight of the container on board the truck will be calculated by deducting the tare weight of the truck from the weight captured by the weigh bridge. Port terminals will record the weight captured and print it on the gate slip handed over to the trucker.

8.4.4 It is a rare occasion that two export 20' containers arriving on a single truck. In case if two 20' containers arrive on a single truck, the gross weight will be calculated as above and verified with the weight declared in the CDN for both containers. If there are no major discrepancy, the weight for both containers will be recorded as per weight declared in the CDN for both containers. If a major discrepancy is detected, then the increase of weight will be equally split between both containers and recorded accordingly

10 Empty containers

10.1 Shippers and operators of empty containers are encouraged to have practices and arrangements in place to ensure that they are empty. The tare weight will visually appear on the container in accordance with the International Organization for Standardization (ISO) standard for container marking and identification and it should be used in such cases



Draft Government regulation highlights Merchant Shipping Secretariat



11 Contingencies for containers received without a verified gross mass

11.1 Under SOLAS no container without a verified gross mass may be loaded onto a ship. It is for individual carriers and port operators to devise operational procedures to ensure that this regulatory requirement is complied with on all occasions.

11.2 Carriers and Terminal operators should have sufficient documented procedures to demonstrate the manner in which they will be able to achieve this requirement.

11.3 Port terminals will not load any export container unless the carrier confirms that the VGM has been received and the VGM weight was advised to the port terminal using the methods prescribed above.

12 Mis-declarations

12.1 Any incidence of a mis-declaration of the gross mass of a container should be corrected by the shipper prior to the arrival of the container in the port. Records of mis-declarations and corrections made should be available on request by the MSS. Failure to record and correct such incidents may result in the withdrawal of a company's "Method 2" approval by the MSS.

Note: The MSS does not intervene in commercial matters which may arise from no regulatory issues highlighted in paragraph



Draft Government regulation highlights Merchant Shipping Secretariat



13 Enforcement

13.1 It is anticipated that Regulators and other authorised cargo inspectors will use an enforcement threshold $\pm 5\%$ of the verified gross mass of the container. However, this will be used on a case by case basis

13.4 The penalties take two forms and these are explained below.

1. Commercial - Repacking costs, administration fees for amending documents, demurrage charges etc.
2. 2. Regulatory - MSS office may determine appropriate penal charges to be enforced over the shippers for non-compliance incidents



Summary



One:

A verified weight is a condition for loading a packed container onto a ship.



No Verified Weight



No Load

New Operational Reality

Two:

The shipper is responsible for providing the verified weight.

“Shipper”

=

Party identified on maritime
carrier's Bill of Lading



New Operational Reality

Three:

Lack of signed shipper weight verification can be remedied by weighing the packed container at port or elsewhere.

Truckers will have to have weight certificates for PM and trailers



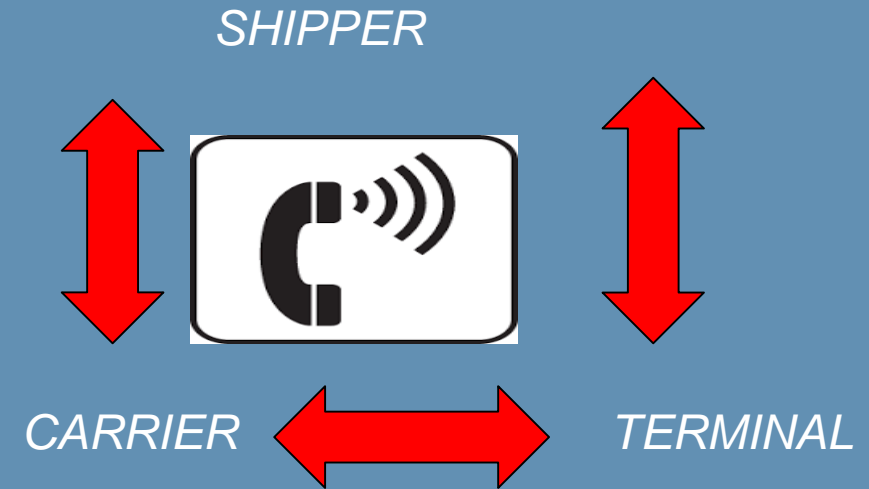
Carriers and port terminals will need to agree on how such situations will be handled.

Time is running short

Four:

Government implementation

Commercial parties need to understand and arrange for compliance with national requirements (e.g., certification and documentation.)



SUPPLY CHAIN PARTIES NEED TO TALK TO EACH OTHER **NOW** ABOUT:

- OBTAINING
- PROVIDING,
- TRANSMITTING,
- RECEIVING
- USING PROPER VERIFIED CONTAINER WEIGHTS.

Declaration of Gross Mass summery

Amendment to SOLAS Chapter VI Part A Regulation 2

- Gross Mass = contents (cargo/dunnage/securing) + tare
- Verified gross mass (VGM) obtained by:
 1. either weighing the packed container (*'Method 1'*)
 2. or weighing all constituent parts (*'Method 2'*)
- Shipper responsible to obtain VGM
- VGM to be stated on a signed shipping document
- Sent to carrier & terminal for use in stowage planning
- If not, the container shall not be loaded on to a ship.



More information on



www.shippersacademy.lk



Thank you

