

**Overview**

The U.S. Coast Guard has staked out a very hands-off approach, saying it most likely would only occasionally check for VGM on inbound containers, and it will hold cargo without a VGM until the country of the ship's flag nation clears the cargo. The Coast Guard will not levy a punishment against the carrier for loading a container without a VGM. On a positive note, the agency also approved scales used to comply with federal and state laws as acceptable to meet the new international container weight regulations. Roughly, only about 10% of IMO countries to date have had their guidelines and regulations published to the website of the World Shipping Council. They represent just a fraction of the 162 signatories to the SOLAS treaty.

This fact is alarming because most of these countries need to play a major role in the implementation of the new rule. Other maritime administrations, though, have been operating under the understanding that the shipper is ultimately responsible for declaring the correct weights, thus creating penalties for shippers in violation of the rule. Canada and Japan, for example, have already said that shippers could face various fines if they improperly report the weight of their containers. Included with this whitepaper is a list on the SOLAS status of the top U.S. trading partners based on recent data from the U.S. Census Office.

**American Shippers Beginning to Feel SOLAS Will Impede U.S. Exports**

In an aggressive effort to ensure that they will not face any service disruptions and maintain their costs, U.S. exporters are hoping to gain Congressional support in dealing with the new container weight rules before the SOLAS deadline for July 1. Exporters are disputing the new regulation that after the July implementation date will allow Ocean carriers to decline shipping containers that do not have a verified gross mass (VGM) submitted before loading on a vessel. Adding to this VGM issue are the recent announcements by several domestic ports that they will deny entry at the gates for trucks carrying unverified containers. Much of this current dilemma stems from the International Maritime Organization (IMO) not giving a voice to a significant group of stakeholders like U.S. shippers in developing this new standard.

Unfortunately, the combination of all these factors is leading to mistrust from U.S. exporters about the new policy. It is creating an environment and sentiment that SOLAS is unfairly targeting this country because other IMO member nations will not follow the new guidelines while their American counterparts will. While the simplest solution to this problem requires carriers and shippers to agree on a course of action moving forward, Ocean carriers are choosing not to negotiate, and they are adhering to strict interpretations of VGM. These constricted interpretations of the amendment are causing the fear of disruption to U.S. exports. So, exporters hoped the Senate hearings would change the U.S. Coast Guard's laissez-faire position on SOLAS.

These testimonials could foster a formal policy statement from the U.S. Coast Guard, but the agency will likely not delay the implementation. Even though shippers believe the proposed methods of VGM in the amendment are overly complicated and costly, the Coast Guard wants SOLAS to happen so it can reassure the world that cargo from the U.S. is safe and ships can load safely at U.S. Ports. The agency also wishes to avoid new legalities by encouraging better business practices by carriers and shippers for the documentation enforcement. However, a designated policy from the Coast Guard

would not only satisfy exporters concerns regarding port congestion and delays caused by the new weight reporting but also provide an opportunity for U.S. shippers to have an appropriate channel for input about the mandate.

### Domestic Support

While shippers made their case to the Senate this past week, the Federal Maritime Commission seems to be the only agency actively supporting the U.S. shipping community. U.S. Federal Maritime Commissioner Richard Lidinsky, Jr. agreed that U.S. shippers did not have an adequate contribution in creating the new amendment. Lidinsky voice his displeasure with the IMO by stating that, “we are witnessing a foreign carrier lobby group attempting to hijack the agenda of an UN agency whose purpose is to ensure the safety of those in the global maritime industry.” Following his appearance at CONECT in Rhode Island last week where Federal Maritime Commission Chairman Mario Cordero reiterated the agency’s commitment to protecting “the American shipper from alleged unreasonable practices,” pledged his commitment to facilitating more communication between SOLAS stakeholders. Hopefully, this appeal to the Senate will do more than just give U.S. shippers an audience to hear complaints about this policy and provide some resolutions.

Figure 1 Cut-offs for the Receipt of the VGM and Container Delivery Requirements at the North American Terminals

Terminal	Submission cut-off prior to delivery	Will the terminal accept delivery if the VGM has not been presented?	Does the terminal have an option to weigh containers?	What is the cost to the shipper to weigh or handle container?
Halifax	24 hours	YES	NO	2 x terminal tariff handling fees
NYC – APM	24 hours	YES	NO	Handling fees per terminal tariff
NYC – Global	24 hours	NO	NO	N/A
NYC – NYCT	24 hours	NO	NO	N/A
Baltimore – Seagirt	24 hours	YES	YES	Handling fees per terminal tariff
Norfolk	24 hours	NO	NO	N/A
Charleston	24 hours	YES	NO	Handling fees per terminal tariff
Savannah – Garden City	24 hours	YES	NO	Handling fees per terminal tariff
Houston	24 hours	NO	NO	N/A

Figure 2: SOLAS Status of Top Trading Partners based on recent U.S. Census Data

Trading Partner	SOLAS Status
China	Hong Kong released guidelines on the VGM of a Container with Cargo Packed in early April. China followed suit and released national guidelines later in the month. Port management will perform random VGM checks at of packed containers loaded on vessels.
Mexico	Mexico has not released guidelines or designated a government authority to oversee SOLAS.
Canada	Canada produced draft procedures and created penalties for shippers violating the law.
Japan	Japan's government drafted guidelines for shippers regarding the SOLAS container weight rules which include an enforcement threshold of between $\pm 2$ percent and $\pm 5$ percent. Shippers failing to provide required VGM could face fines up to \$2,500 per case.
Germany	Germany's Federal Ministry of Transportation and Digital Infrastructure, Ship Safety Division has only released general information about SOLAS, but it does not discuss enforcement.
South Korea	South Korea's Ministry of Oceans and Fisheries put together SOLAS training manual.
United Kingdom	Failure to comply with the new container weighing safety regulations in the United Kingdom will be a criminal offence and is punishable by a heavy fine or a prison term. The Maritime Coastguard Agency will enforce these laws.
India	India released guidance allowing for weight tolerances and also providing approval for terminals to weigh the containers for fees.
France	Ministry of Transportation is the French governing body for SOLAS. France is still conducting meetings for SOLAS guidelines.
Ireland	The Marine Survey Office (MSO) of the Department of Transport, Tourism and Sport is responsible for the enforcement of these requirements, both with regards to ships in Irish ports and ships.
Vietnam	Vietnam has not released guidelines or designated a government authority to oversee SOLAS.
Italy	Italian Coast Guard is the responsible party for enforcement. Eighty-one percent of Italy's global fleet is able to use digital transmission to meet the carriage requirements of the SOLAS Convention.
Taiwan	Taiwan has not released guidelines or designated a government authority to oversee SOLAS.