

Overview

It is unfortunate that one SOLAS container weight mandate is responsible for a myriad of confusing responses regarding the enforcement of the regulation by the world's governments. By not developing international standards and instituting a mélange of processes to meet the new requirement, the amendment is creating more complications and poses a legitimate threat to global supply chains. With rapidly changing information on the verified weight of export containers, all indicators point to a chaotic rollout of the mandate in July that could lead to more port congestions and rising costs for international shippers.

Domestic and International Response

The SOLAS Convention designates the role of government as the compliance enforcer. While this impending global requirement for shippers to verify the weight of their goods before transport begins implementation, some enforcers seem to have a handle on the changes while others are not even addressing the mandate. The individual actions and multiple interpretations of the SOLAS treaty by each country are making exporters nervous around the world. Many of them are calling for a delay in implementation and requesting the development of global and electronic standards. Russia is leaning towards a delay, and there is no indication of any consistent movement in China. Some ports are gearing up for the changes while others are not taking any action at all.

The U.S., Canada, and Europe are likely to move forward with the mandate. After the U.S. Coast Guard outlined its enforcement policies, implementation of SOLAS is in disorder and creating further panic. The U.S. Coast Guard appears stumped about the implementing the new rule. The agency stated that shippers have had to weigh their containers since 1994, and it will not hold shippers accountable, just the carriers and flag states to the SOLAS Amendments. The Coast Guard believes its jurisdiction should not provide carriers with a practical business solution to enforce the mandate, but leaves this responsibility of the carriers.

But shifting the responsibilities of compliance to the shipping lines adds the pressure of ensuring that their customers provide the correct information. If the VGM is not submitted or incorrect, the container will not be loaded on the vessel. This practice could lead to immeasurable port congestion. Passing this responsibility of providing the weight data to shippers but penalizing the carriers for inaccurate data will undoubtedly result in several unique and out-of-the-ordinary situations.

Two countries that remain active participants in SOLAS implementation are Japan and India. Japan confirmed the country's SOLAS container weight error margin. The Japanese government established an acceptable discrepancy between the verified gross mass (VGM) and the actual weight of a container. Japan's government will release its guidelines for the SOLAS container weight rule at the end of March that will include an acceptable weight discrepancy of ± 5 percent. Also, Japan's draft ordinances will allow for a third party to verify the gross mass of a container. After a long period of consultation, India developed guidelines as well to meet the July implementation date of new container weight rules. These guidelines emphasize steering clear of bottlenecks in the supply chain based on VGM. The draft permits Indian shippers to use either weighing procedure to meet the mandate. The Indian government's response is flexible enough to allow a terminal operator to recheck the VGM provider by the shipper.

Port Congestion and Economic Impact

Should a container arrive at a terminal without a VGM after July 1, the Coast Guard will classify the box as, “manifestly unsafe,” and the agency would place a hold on the container until a VGM is known and documented. If a container weighed at a terminal and the VGM does not match the container weight, the container needs to be reweighed and a new VGM registered. So, there is no action taken against the shipper by the Coast Guard. While shipping industry attempts to curb the misfiling of container weights, scenarios like these can lead to increased port congestion and have an adverse economic impact for shippers. Implementing this mandate in the U.S. is going to require more work at terminal gates because there seems to be a question of whether boxes without VGM will be stopped at the gate. But returning a container to factories and warehouses could cause a major upheaval for truckers will have to return.

There are already long waits at certain ports, and returning a container is only going to add to the mess. To avoid potential bottlenecks, importers may choose an expensive route and start shipping clothing by airfreight to meet the future demands of the back-to-school season. A recent assessment released by Cowen and Co. supports this scenario. The assessment claimed that the total cost of shipping an ocean container from Los Angeles to Shanghai “could increase by approximately 14%” because of the extra time and expense that shipping lines and their customers face. Those costs may include fees for weighing shipping containers and charges for holding goods while information on the goods is collected and verified.

Preparing for Container Weight Verification

The Mandate

The Safety of Life at Sea (SOLAS) verified gross mass (VGM) amendment requires the master shipper bill of lading provide the certified weight of the container. This regulation is often referred to as SOLAS or VGM and will go into effect on July 1. This mandate amends an existing IMO rule that requires containers to be weighed before being loaded on vessels.

Certifying Container Weight

If the VGM is not submitted or incorrect, the container will not be loaded on the ship.

- 1. Method 1: Weigh the container truck with packed container cargo on a scale, and then subtract the weight of the truck, the driver, chassis, and the fuel**
- 2. Method 2: Weigh the cargo, dunnage, pallets, and other packaging contents, and add tare weight of the container**

Verifying Container Weight

Currently, it is unclear, but it is likely that this will happen at a third-party weighing station or marine terminals that have scales near the entrances. There is some ambiguity about whether it will even be possible for a terminal to offer an efficient weighing service.

Transmitting Documentation

The certification documentation is supposed to be submitted to the ocean carrier by the shipper and signed by the shipper or shipper’s representative. There is not any designation on filing the certificate in a separate document or an existing one. Also, an EDI or electronic submission process is not yet standardized.

Denying Container Loading

The regulation requires the certification be submitted insufficiently in advance to the carrier and terminal, and states the ultimate decision to deny loading rests with the ship captain. The regulation does not specify what “sufficiently in advance” means. That will likely be a commercial decision made separately by individual ports. It’s possible the advance time frame for certification submission could vary by the terminal within a port.

Bearing the cost of the verification process

With freight rates at unusual lows, it seems hard to imagine carriers will bear the cost, given that the previous SOLAS regulation requiring accurate weights of containers was ignored. Shippers are accepting the concept that including fees for weighing shipping containers and charges for holding goods while information about them is collected and verified will become common due to advance manifest fillings.

Getting help

Exporters looking for guidance on how to meet these regulations can rely on OCEANAIR to provide solutions for your VGM concerns. There is a push for a standardized electronic approach to the mandate, but in all likelihood, the systems will not be ready by the July deadline. Until then, OCEANAIR can act as an individual compliance mechanism for your business. OCEANAIR is ready to seamlessly comply with the new regulations and we are encouraging others in the industry to do the same! If you are facing particular issues, or have other questions not yet addressed, feel free to contact your OCEANAIR representative.

Will you be ready for the SOLAS?