CHINA SOLAS VGM UPDATE

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China issues guidelines to SOLAS container weight rule

China will conduct random inspections on export containers at the country's ports from July 1 as part of its enforcement of new <u>container-weighing requirements</u>, according to long-awaited industry guidelines issued by the Ministry of Transport.

In a consultation paper sent to all agencies of the Transport Ministry and translated by CargoSmart, the guidelines stated that vessels and terminals could not load a container for which the verified gross mass, or VGM, had not been received.

This is consistent with all other jurisdictions that have <u>so far issued information</u> on the amendment to the International Maritime Organization's SOLAS convention that will become law in all 162 signatory states from July 1. <u>Hong Kong</u> issued its guidelines earlier this month.

The China paper outlined enforcement actions that would be conducted at its busy ports. "All marine management agencies should perform random checks on the verified gross mass of packed containers loaded onto vessels," the guidelines stated.

Any discrepancy between the VGM declared by the shipper and the VGM obtained by maritime agencies, vessels, carriers or terminal operators must be within plus or minus 5 percent or 1 ton. Should the variance be outside that, agencies should request that the vessel carrying the box correct the weight information "after the potential risk of safety has been minimized." This presumably means the container contents must be reduced and the box re-weighed by the terminal and loaded back on the ship.

Should marine management agencies receive a report, or are in doubt about the accuracy of VGM information, the agency can request the shipper that signed the VGM declaration again verify the container's gross mass. The guidelines requested the shipper, the carrier and its agencies and the terminal operator cooperate in this area.

As with other jurisdictions, the China guidelines went over the SOLAS regulation governing the weighing of containers for which the shipper is responsible: Method 1, which calls for weighing the loaded and sealed export container, and Method 2, where each piece of cargo in the box was weighed and the total added to the packaging used, the pallets, the securing material and the actual weight of the box itself, known as the tare weight.

A global shipper told JOC.com that he expected most shippers in China to use Method 2 to obtain

the VGM. He said the majority of containerized exports from China were regularly shipped consumer goods that were generally packed in cartons that had the weight stamped on the box.

"All it will require is a calculator to add the items in the container to the tare and the VGM will have been obtained," he said. Although he conceded that getting the VGM was only one part of the puzzle, and first a shipper had to have in place company processes with standard operating procedures to be followed by internal and external vendors.

The China guidelines touched on this area, advising shippers to establish proper internal controls and management systems to ensure the VGM of a packed container met the required accuracy standards, and also to ensure the weighing staff were equipped with training and knowledge to perform the weighing services. The shipper must also ensure the packed container does not exceed the maximum payload, the guidelines stated.

Once obtained, the VGM data needs to be passed on to the carrier in time for the master to plan stowage, and then passed on to the terminal. It is widely accepted that with the volume of export containers involved, communicating the VGM will be most efficiently conveyed electronically, and software solution providers such as Inttra and CargoSphere will offer that service from July 1.

Still, with just two months until the SOLAS rule is applied, worrying signs are emerging of an industry that is not yet ready. The majority of shippers and logistics providers in <u>a recent CargoSmart survey</u> had no plans to comply with the new container weight rule and Drewry found that none of 20 non-vessel operators the analyst met during an April tender process were ready to comply.

The U.K. P&I Club also said some terminals and shippers seemed unprepared or even unaware of the SOLAS amendment, and it warned that unless practical steps were taken, chaos and commercial disputes could be expected in July.