



SOLAS VGM FAQs

Frequently asked questions about the new verified gross mass requirement from the Safety of Life at Sea convention

1. What is the new International Maritime Organization (IMO) requirement for shippers?

The IMO (International Maritime Organization) has released a new VGM (verified gross mass) requirement from SOLAS (Safety of Life at Sea convention) which states that the shipper named on the ocean bill of lading will be the party responsible for providing the container carrier and the terminal operator with the verified gross mass of a packed container.

According to MSC 1 / Circ. 1475 (the IMO's guidance on VGM), the "shipper" is "a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document as shipper, and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company."

The carrier and the terminal operator can load a packed container aboard a ship only when they have the verified gross mass for that container. The responsibility of the shipper extends to the forwarder that packs and weighs a container, forwards it to the port and makes the booking with the carrier.

If the shipper's name appears on the bill of lading and the forwarder performs this work solely on behalf of the shipper, it will be the shipper's responsibility to verify the gross mass weight.

2. When will the new SOLAS regulation become effective?

The new regulation, called Verified Gross Mass, becomes legally binding on July 1, 2016, and will apply to all containers accepted for transportation (gate-in to the terminal or off-rail into the terminal) on or after that date, from any port in the world. Containers in transit and accepted for transport prior to July 1 will not be affected.

3. Will each country be required to pass legislation to make the convention law at their ports?

No further legislation will be needed as SOLAS has international legal status. The rule is law in each of the 162 countries that are signatories to SOLAS. To date, there is no precedent of a postponement or non-implementation of a SOLAS regulation so it is expected that the regulation will take effect on July 1, 2016 without delay.

Each individual country will be responsible for the implementation of the ruling. The IMO, an agency of the United Nations, will leave the system of penalties and procedures to each government and the agency representing the IMO in that respective country; for example, the Coast Guard in the U.S., or the Maritime & Coastguard Agency in the U.K.

Invariably, there will be a wide variance in the way these new regulations will be communicated and enforced in each country. However, agencies from several countries are currently exploring measures to prevent the loading of a container without the submission of a VGM. A lack of uniformity among countries in implementing such regulations is a cause of concern.

4. What is meant by the requirement for a "signature" on the VGM document?

The shipper must appoint and authorize a person to certify the verified gross mass in a "shipping document" with a first and last name and the company name. The signature may be an electronic signature or may be replaced by the name in capital letters of the person authorized to sign it.

The VGM and signature can be part of the shipping instructions communicated via electronic data interchange (EDI), or be contained within a separate communication including a hard copy document. In either case, the document should clearly highlight that the gross mass provided is the "verified gross mass." A "weight ticket" generated by a weighbridge does not need to be presented.

However, national implementing regulations may require that shippers using Method 1 (weighing of the cargo and container as one) produce weight tickets or other documentation upon request.

In a case where an NVOCC that handles less-than-container load of cargo has created a document for its customers to fill out, it will be the shipper on the carrier bill of lading that will ultimately be responsible for consolidating and weighing all cargo.

5. What is the procedure for documentation along the supply chain?

SOLAS regulations will not apply here. As of early 2016, coordinating parties are still working on defining the processes. Commercial parties, including the maritime carrier and the terminal operator are under pressure to work out the processes along the supply chain as a large percentage of containers that are shipped use non-electronic documents including hard copies and faxes. Electronic communication will need to be specific on how the signature is passed from party to party, though the use of electronic data interchange or other electronic platforms is far from universal within the industry.

Some carriers have announced that they will accept a VGM either in the shipping instructions, booking request, or separately; for example, in a declaration containing a weight certificate issued by the weighing party, regardless of how it is conveyed, it must state that it is the VGM, duly signed by the authorized representative of the shipper.

6. Are shippers that only tender partial loads to a forwarder or master loader responsible for providing a VGM?

No, they are not. The shipper named on the maritime carrier's bill of lading, i.e. the "master" loader or freight forwarder or NVOCC is responsible for providing an accurate, verified gross mass of a co-loaded container. The contractual terms between the ultimate shipper and a co-loader may allow the shipper to provide a VGM to the master loader. Alternatively, the master loader or forwarder may undertake the weighing process themselves.

However, in the case of full container loads that move under NVOs' contracts with the carriers, it is the NVO as the official shipper on the bill of lading who will be required to present the VGM to the carrier.

Shippers shipping full container load boxes under an NVOCC bill of lading will most likely have to provide a weight to the NVO which would include the figure on its own bill of lading. To be in compliance, NVOs that consolidate boxes on their shipper's behalf will need to undertake the weighing themselves.

7. When does the shipper have to submit the VGM to the carrier?

The VGM "cutoff" varies by carrier and port and is not mandated by the SOLAS requirement. However, in practical terms, the shipper must submit it early enough for the carrier to use the VGM figure in its stowage plan, which is a requirement the SOLAS rule puts specifically on the terminal and carrier. It is the shipper's responsibility not just to generate the VGM but to provide it to the carrier.

The VGM will have to be in the terminal's hands prior to the in-gate cutoff for a particular sailing, given that many terminals will not be offering weighing services and will refuse entry to any containers that arrive unaccompanied by the VGM.

To ensure minimal disruption to the normal flow of the container from the in-gate through to loading on the vessel, some U.S. carriers are proposing that terminals should be able to in-gate containers with no VGM if it is provided quickly thereafter.

Ultimately, any deadline imposed will be determined by the relationship between the carrier and the terminal and could reflect the specific needs of certain just-in-time or high priority cargo provided, and in the instance that the carrier can still use the VGM in its stowage plan. This is where commercial relationships among the shipper, carrier and terminal operator will come into play as it relates to certain cargoes such as bulk exports that are loaded into containers near the port and sent to the terminal in large quantities.

Commercial parties will need to institute a coordinated system to ensure a smooth work flow so as to prevent delays to such cargoes. Shippers are concerned that cutoff times may vary widely among carriers. Carriers can be expected to provide shippers with cut-off times whereby the carrier must receive the required container weight verification from the shipper for vessel stowage planning prior to shipment. This will likely be a newly imposed cutoff time separate from terminal arrival cutoff to make a certain vessel sailing.

8. Are there penalties in the event of non-compliance?

At this point, specified payment fees for non-compliance have largely not been established or published yet by national governments. However, the costs for failing to present a certified VGM document can be expected to extend far beyond any actual penalties assessed. Such penalties include fines and imprisonment.

In addition, removing a container off a ship and resulting storage will incur costs applied to the carrier by the terminal. Therefore, shippers can expect a non-selective approach by carriers to cost recovery especially now when historically low freight rates in certain East-West trades are leaving container lines with minimal profit margins and a high motivation to recover costs applied to them by marine terminals. In this respect, carriers can be expected to put preventative measures in place to avoid such costs by ensuring they receive the VGM and refuse to accept containers without it. In a broader sense, multi-national corporations will adhere to a policy of 100 percent legal compliance throughout their operations, as the costs for non-compliance of the law in any jurisdiction is inconsistent with responsible corporate governance.

9. How can a shipper obtain the verified gross mass necessary for submission to the ocean carrier?

There are two ways a shipper can obtain the verified gross mass: Method 1 and Method 2.

Method 1 – Upon packing and sealing the container, the shipper weighs the packed container itself, or arranges for a third party to do it.

Method 2—the shipper or a third party working on behalf of the shipper may weigh all content, i.e. the packages and cargo items in the container, including the mass of pallets, dunnage and other packing and securing material to be packed in the container, and add the tare mass of the container to the sum of the single masses of the container's contents. The tare mass, also called unladen weight, is the weight of an empty container. The tare mass of each container is marked on the exterior of every container at the time of manufacture.

Shippers should solely rely on the tare mass number marked on the individual container being used, and should not use a standardized weight for any 40-foot container. Where it is missing, or believed to be inaccurate, the container operator should be contacted and appropriate remedial action taken. Some shippers have raised the issue that the tare mass may be inaccurate as a result of an earlier repair or some other reason.

For this reason, shippers are adopting a 'wait and see' attitude and taking note of the variance from the stated VGM that governments will allow, in the event of an inspection, before issuing a violation. Some governments will require approval for those who use Method 2 weighing processes.

10. Is there any global EDI standard in the works to implement the SOLAS VGM rule?

Yes, there is. The UN EDIFACT message standard has been published by the standards setting body SMDG, a nonprofit that develops and promotes UN/EDIFACT EDI-messages for the maritime industry. The SMDG is an official Pan European User Group recognized by the UN/EDIFACT Board.

On a global scale, it is unclear how universal the standard adoption will be. It will also not apply to the significant amount of cargo whose documentation is currently submitted via hard copy, fax or other non-electronic means. As of early 2016, there is a new effort under way to create a new, standardized electronic shipping document solely for the purpose of conveying the VGM along the supply chain.

11. Upon inspection, if a variation is found between the VGM and the actual weight of a container, what will happen?

This question is still being debated and is possibly, a major hurdle to worldwide implementation. Under the SOLAS rule, variances to the signed VGM weight are not necessarily illegal but must be defined by the maritime authority of the country where the container was packaged and loaded. This opens the door to as many regulatory differences as there are participating states. The U.K. Maritime & Coast Guard agency issued a document in 2015 stating, "It is anticipated that Regulators and other authorized cargo inspectors will use an enforcement threshold $\pm 5\%$ of the verified gross mass of the container. However, this will be decided on a case by case basis." (See section 13.1) Since U.K. is the only country so far to have published guidance on variation, it remains to be seen how the UK will actually implement the rule and if other countries will match the plus or minus 5 percent threshold for the sake of uniformity, or establish a different threshold altogether.

12. Do containers being transhipped have to be weighed again at the transshipment port?

No. Further weighing in the transshipment port will not be necessary. Verified gross mass is required before loading the packed container on board a ship covered by the SOLAS requirements at its initial port of loading, unless driven onto a ro-ro ship on a chassis or trailer. Therefore, all packed containers discharged from a SOLAS vessel in the transshipment port should already have a VGM.

13. If the verified gross mass declared for SOLAS purposes is subsequently amended, for example after the actual weighing of the packed container, does Customs need to be informed?

SOLAS does not regulate Customs matters. Provision of the gross and net mass of goods in declarations to Customs is regulated according to national Customs legislation. The mass required under SOLAS versus Customs requirements may be different; e.g, Customs may require cargo mass, while SOLAS requires the total, verified gross mass of the packed container.

14. Can a shipper leave the freight forwarder to weigh and establish the verified gross mass of the cargo and issue the appropriate documents?

No, not at all. The 'shipper' under the contract of carriage remains responsible for accurately establishing the verified gross mass of a packed container.

If your freight forwarder is the shipper on the maritime carrier's bill of lading, it may weigh the cargo, using Method 1 or 2, and provide the carrier with the verified gross mass of the container. If you are the shipper on the bill of lading, you are responsible for providing the carrier with the verified gross mass. Where the verified gross mass is obtained by a third party, such as a freight forwarder, it will be the shipper's responsibility to provide an accurate verified gross mass.

Parties in the maritime containerized supply chain are encouraged to ensure that their contractual arrangements adhere strictly to SOLAS requirements.

15. What are the channels for shippers to submit the verified gross mass?

Shippers can submit the verified gross mass through the following channels:

- EDI connection with ocean carriers
- Online submission on ocean carriers' websites
- EDI or online solutions from shipping portals like CargoSmart

The above channels are considered as common, acceptable channels. However, the requirements of each country, port, terminal, and ocean carrier may vary.

16. Will member states be able to delay the implementation of the new rule?

A member state can give notice to the IMO that it "exempts itself from giving effect to that amendment for a period not longer than one year from the date of entry into force," according to SOLAS Article VIII (b) (vii) (2). IMO member states have the option to delay implementation of the rule for a one year period only if they notify the IMO prior to July 1, 2016.

17. Where can I find the latest update about the implementation of SOLAS?

CargoSmart compiles the SOLAS implementation information from the industry and official announcements to help relevant parties to prepare for compliance. You can find the latest relevant updates below:

Implementation Timeline

- July 1, 2016 implementation: Canada, US
- Delay to July 1, 2017: Russia

Country Implementation Guidelines

- UK:
<https://www.gov.uk/government/publications/mgn-534-mf-guidance-on-the-implementation-of-the-solas-vi-regulation-2-amendment-requiring-the-verification-of-the-gross-mass-of-packed-containers>
- All other countries:
<http://www.worldshipping.org/industry-issues/safety/global-container-weight-verification-rule-effective-july-1-2016>

About CargoSmart

CargoSmart Limited provides global shipment management software solutions that enable shippers, consignees, logistics service providers, NVOCCs, and ocean carriers to improve planning and on-time deliveries. Connected to over 30 ocean carriers, CargoSmart leverages big data sources and a cloud-based platform to offer award-winning sailing schedules, visibility, documentation, contract management, compliance, and benchmarking solutions.

Launched in 2000, CargoSmart helps over 130,000 transportation and logistics professionals to increase delivery reliability, lower transportation costs, and streamline operations.

Contact Us

Company Headquarters - Hong Kong

+852-2233-8000

China Representative Office

+86-756-363-3000

USA Representative Office

+1-408-325-7650

Email

info@cargosmart.com

Website

www.cargosmart.com

Community Website

www.cargosmarton.com

CargoSmart offers solutions on submitting verified gross mass information to ocean carriers through online and EDI channels. Contact us today at info@cargosmart.com to learn how CargoSmart's solutions can help you transmit the required information.