

## BIFA Event – Nov 2015 – Westminster

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- TT Club: Insurance, some members: DP World, Maersk, EMC, OOCL, Hapag, ACL, COSCO, K Line etc.
- 2007 – MSC Napoli – 20% of cargo: actual weight differed from manifested weight by 3 times or more.
- SOLAS is already mandatory in 170+ countries, new requirements to start eff. Jul-16 without any change in national law.
  - o For the first time we have a clear and globally accepted definition of Gross Mass = contents (cargo / dunnage / securing) + tare.
  - o 2 Methods of calculation:
    - Add the weight of the container and everything inside it.
    - Weight the loaded container before loading on vessel.
  - o \*\*\*That weight needs to be stated on a signed shipping document (even if it shared via EDI). The person that signed it will be responsible in case of inconsistencies.
  - o That weight needs to be shared with the carrier and the terminal for stowage planning. NO WEIGHT = NO LOAD
- Calibrated and Certified Equipment based on the standard specified in the origin country – it is expected to be a challenge, as both methods require them.
  - o It needs to be checked before vessel loading, so has to be at origin, “before the container starts moving”.
  - o Is Weight Bridge a solution? You would have to take into account the container weight, the weight of the trailer and the truck, the weight of the driver and all the items the driver might have in the truck.
- \*\*\*No Estimates are possible!!
  - o The shipper as mentioned on the b/l is legally responsible for declaring the exact weight.
  - o There are penalties for declaring the wrong weights
  - o Can we trust 3<sup>rd</sup> parties? (for example: if the party loading the container is not the party mentioned as shipper in the carrier b/l).
    - If the both parties are certified → “handshake” (but again, can we really trust 3<sup>rd</sup> parties?)
    - If not, the actual shipper will have to use either method to identify the actual weight of each container.
  - o Acceptable margin of error = 5%, but that is only from a legal prosecution point!! VGM needs to be accurate and exact.
- VGM is not to be confused with the weight used for other purposes, e.g. b/l, clearances etc.
- \*\*\*Timing: Obtain VGM → Communicate to the appropriate parties (carrier(s) & port(s)) “sufficiently in advance”.
  - o It is not yet clear when carriers and ports will require to have this weight on hand. BIFA suggested we talk to our carriers and have them give us the cut offs. It is feared that each carrier will have its own standards.
  - o In some cases the carrier we book with and the carrier that controls the vessel are different (see slot sharing within alliances). In that case it is expected that we communicate the VGM to our carrier, and they communicate this to the vessel operator. It is not clear how or how much in advance this needs to be completed. It is expected that there will be an EDI solution.

## Challenges:

- Shippers:
  - o Between co-loaders: when is the right time and who is the right party to quote the VGM to the carrier(s) and terminal(s)?
  - o How can we make sure we don't affect the JIT supply chains?
  - o It seems that so far each carrier has its own deadlines in mind, and these might differ depending on trade. BIFA asked we make sure carriers are clear on their deadlines.
- Carriers:
  - o Who is the carrier? In this case the carrier that issues the b/l. The same carrier is also responsible for communicating the VGM to the vessel operator if different.
  - o Carriers need to think what they need to capture and where. For example:
    - booked weight,
    - declared weight (for b/l and customs),
    - VGM weight,
    - measured weight (to check against VGM)
    - method used
    - (regular offenders?)
  - o How to deal with exceptions, e.g. container turned up with no VGM?
  - o They would also have to keep good records, in case of a legal case. (that applies for all parties involved)
- Terminals:
  - o The contracts they have with carriers need to be reviewed.
  - o Most have not enough land to stack containers. They would have to check for options in case there are issues with VGMs.
  - o In case of inconsistencies or containers with no VGM, there will be extra costs for lifts, demurrage etc.
  - o Most have now electronic gate in processes in place. The systems need to be adjusted so that they accommodate the VGM.
  - o "Contract of Speculation" – when the doors of the container close, there can only be but speculation as to what can be found inside. Each party involved needs to own part of the supply chain. Who will monitor / audit and who will bear the cost?
- Freight Forwarders:
  - o If the FF is mentioned as shipper in the b/l, he is also legally responsible for the VGM, regardless if the FF loaded the container or not.
  - o There doesn't seem to be a standard form for communicating the weight to carriers. BIFA suggests we speak to our carriers early to identify what they need to be transmitted and how.
- Verified Weighers (ideally we would like all to be certified so that we have a simple "handshake").
  - o <https://www.gov.uk/government/publications/verification-of-the-gross-mass-of-packed-containers-by-sea>
  - o Each party whose application is approved will receive a number that needs to be quoted when communicating the VGM to the carrier(s) / terminal(s).
    - BIFA asked a carrier if freight forwarders can use the actual shipper's number instead of their own, even when the FF is the shipper in the b/l. The

answer was yes, but there was no response when they went further to ask about legal issues in case something went wrong.

Q&A:

- Delays expected? There might be cases a container is being delayed between 2days and 2weeks by customs. What if someone wants to check the container weight, will there be a delay and if so for how long? Container weights are expected to be checked if there are reasons to believe that there are issues with the weights.
- Lashing / dunnage, how are these included in the documentation? It is expected that there will be additional lines in the packing lists to cover these weights.
- What is happening in the other countries? All communication via FIATA, but BIFA is supplying them with documentation. UK, NL and South Africa are ahead of the game. Ideally we need all countries and shippers to be aware of the changes coming and prepare to create an audit trail. Some shipper already stated they expect the forwarder to do everything and be responsible for the VGM as well.
- (Samskip): Carriers don't want to be responsible for VGM, as it costs to get containers to the weight bridge, use it to correctly calculate the VGM. Terminals also don't want this, as they would have to carry the responsibility of calibrating their equipment. If the shipper / FF doesn't provide a VGM, how do we go around this? No VGM = no load
- UK exporter: Calculated the weight of materials used to secure a container, the total weight of the container was increased by 9%. (tolerance is 5%)