



TO:
Terminal Operators

Implementation of SOLAS VI amendment on verified gross mass (VGM)

Dear Sirs:

As per above regulation neither terminal operators nor vessel operators are permitted to authorize any load of packed containers without VGM provided by the shipper on board of vessels under SOLAS jurisdiction.

All container vessels operated by us are regulated by SOLAS. Independent of any national legislation being in place (or not being in place) in the flag state of the vessel, in the country of cargo origin or in the country of the load port on the 1st leg or on any subsequent leg, SOLAS is fully applicable for all vessels operated by us. As per SOLAS it is a joint responsibility for both Carriers and TOs to ensure compliance to the regulation.

The undersigning carriers are very concerned about the slow implementation pace of VGM preparations, in particular the adjustment of the mapping of EDI messages, the upgrade to BAPLIE 2.2 and the vital and essential processing of the VGM flags in the stow planning systems of the TOs. We understand that the uncertainty about implementation details is a delaying factor. We noticed frequent public statements about lack of clear instructions from container carriers and lack of guidance from competent authorities in several countries. Whilst we certainly welcome a quick availability of national guidelines, we also feel that all information required for the successful implementation of the VGM compliance is already available.

From our point of view there is not any lack of clear instructions from vessel operators. We would like to urge terminal operators and other supply chain partners to implement the necessary steps with immediate effect.

You will certainly join us stating that any delays of cargo operation after 1st July will be avoided, if all supply chain partners complete their entire homework in time. We count in particular on the joint efforts of terminal operators and shipping lines to have the preparational works fully completed in time.

In order to reduce potentially existing doubts, we would like to summarize the key components of a VGM implementation best practice recommendation for carriers and terminal operators:

1. VGM reporting

The SOLAS regulation requires effective 1st July 2016 the existence of a Verified Gross Mass (VGM) including container tare to be provided by the shipper as a pre-requisite for the Carrier and the Terminal Operator (TO) to load packed containers on board of the vessel. If a VGM exists and is duly provided in time, the packed container will be loaded.

It remains the legal responsibility of the shipper to provide the VGM regardless whoever reports in fact the VGM to the Carrier and/or to the TO.

2. No re-weighing

Neither shipping lines nor container terminals will re-verify a container with an already verified weight (VGM). This includes packed containers where the TO has been advised that a VGM is underway (e.g. in EDI transit).

Carriers ask TOs explicitly to ensure that such re-verification does not take place – subject to national legislation.

3. Reporting in case of weight discrepancies

If TOs under – already existing and used – own or imposed safety regulations notice significant discrepancies between the VGM (declared by the shipper) and the scaled real weight, the TO may – in such exceptional case – re-weigh the container.

If the discrepancy between the VGM declared by the shipper and the re-verified VGM of the TO exceeds 1 ton (1000 kg), the TO reports the revised VGM and the VGM flag (but no authorized person) to the Carrier and to the Shipper.

If the discrepancy is less than 1 ton, the original VGM is kept unchanged, as long as not in conflict with local legislation or operational practice.

4. Placement of VGM order

Shippers can provide the VGM by own means, can book it with a carrier, can nominate a 3rd party, for example a weighing station, or can even nominate the TO to provide the VGM. In other words: The shipper may outsource the verification of weight to service providers, such as to the carrier, to the TO, to weighing stations, etc.

Carriers accept VGM from weighing stations or any other service provider authorized by the Shipper as long as that 3rd party provides the name of the shipper on whose behalf they are acting. However, the shipper remains in charge to report the weight to the carrier.

An authorization in writing has to be given by the shipper to the authorized service provider, but not necessarily by individual container. Carriers do not verify the authorization.

5. Gate procedures

Carriers will not restrict shippers to deliver containers without VGM to the TO gate, to be discharged from barge, feeder vessel or main liner system (subject to national legislation and port rules).

However, packed containers are only permitted to be loaded, if they are flagged with a VGM flag on the load list. Empty containers will be loaded without VGM.

Cut- offs under carrier responsibility apply.

Carriers strongly recommend to shippers and other supply chain partners to provide the VGM in an early stage of the supply chain, for example before the container leaves the premises of the customer, before the unit is loaded on rail or on a barge. Weighing at the gate of the container terminal or inside a container terminal is not recommended, since it creates delays to the VGM data flow and increases the risk of errors and missed loadings.

6. Transshipment units and units discharged from feeder carriers

The Solas regulation stipulates the existence of a VGM provided by the shipper in order to have the cargo loaded on board of the first vessel in the supply chain under Solas jurisdiction (more than 500 gross tonnage).

VGM data for packed containers to be discharged is received by the TO in the transshipment port through the Baplie file submitted by the vessel operator.

Packed transshipment containers are only permitted to be loaded on the connecting vessel, if they are flagged with a VGM on the load list (same as local export containers).

7. VSA matters

Each VSA partner will be in charge of his own load list to be sent to the TO with VGM information for packed containers.

VSA partners (and vessel operators) are not allowed to add packed containers without valid VGM to its final load list. Empty units may be load listed without VGM. Initial load list(s) may be provided containing individual full units where the VGM is not yet available.

If VSA partners send a load list including some individual packed containers without VGM to the vessel operator, it is recommended that the VSA partner adds information about the missing VGM weights, for example in an e-mail to the vessel operator. The vessel operator may approve or decline. The vessel operator will (usually) plan the vessel in such way assuming that the VSA partner supplies the VGM information in time. It is the obligation of the VSA partner to provide the updated, final load list (packed containers with VGM and empty containers) as soon as possible to the terminal operator. Further deadlines and working procedures are to be agreed on an operational level amongst VSA partners.

The vessel operator will not re-verify the load lists of the VSA partners and will not double-check VGM compliance.

The VSA partners remain fully responsible for SOLAS- VGM compliance for all units loadlisted.

8. VGM Data flow

Shippers have several options how to submit the VGM as per agreement with the Carrier.

For early VGM information COPARN may be used as optional additional VGM transmission from Carrier to the TO. Also VERMAS may be used. In both cases the VGM weight and VGM flag is to be transmitted to the TO, but no further information, such as the authorized person.

Carriers usually report the VGM after cargo cut off via COPRAR LOAD (load list) to the TO and/or to the vessel operator (other operational models may apply). The VGM weight and VGM flag is to be transmitted to the TO, but no further information, such as the authorized person

The TO must capture the VGM weight in its TOS and will use the VGM weight as unique weight for all operational purposes, such as for example for stow planning.

In case that carriers (on behalf of shippers) place orders for a VGM service to TOs, such service order may be reported via COPARN.

9. VGM Data flow for stow planning

The BAPLIE LOAD file of the vessel operator includes containers operated by the vessel operator and by its partner lines. It will include the VGM for the packed containers operated by the vessel operator. For MOVINS, the VGM flag/qualifier is not included.

If COPRAR LOAD files are exchanged amongst individual Carriers and if such exchange is customary in a given country, the BAPLIE LOAD file will include the VGM for the containers operated by the vessel operator and the VGM for those partner lines providing VGM information via COPRAR LOAD to the vessel operator (the VGM weight and VGM flag is to be transmitted to the TO, but no further information, such as the authorized person).

The TO will 'overwrite' non- VGM weights provided by the BAPLIE LOAD file, for example for partner units, with correct VGM weights out of its TOS system (received via COPRAR load lists from the individual partner lines) and will return a BAPLIE file with correct VGM information.

The Pre- Departure Condition which the TO usually sends in the form of a BAPLIE file to the vessel operator and/or to the Master of the vessel must include the VGM flag which has been processed in the TOS of the TO and used for stow planning by the TO beforehand. The pre-departure condition file (which is sent to the Master/Vessel stowage teams before actual arrival) might still have a few none-VGM units included, but a clean pre-departure file must be given to the Master before actual loading commences (the VGM weight and VGM flag is to be transmitted to the TO, but no further information, such as the authorized person).

10. Data flow from the TO to Carriers

In case the TO receives an order for a VGM service by the Carrier or by the shipper or in case the TO re-weighs the container (for example, if there are clear indications for a false weight declaration), a VGM is to be reported via EDI (VGM weight and VGM flag, but no further information, such as authorized person), for example via CODECO or VERMAS, to the Carrier and to the Shipper.

All required EDI messages have been amended to be fit for VGM. Final message implementation guides are provided on www.smdg.org

11. Tolerances and accuracy

Shippers have to provide an accurate weight using weighing equipment that meets the applicable standards and requirements of the State where the weighing occurs.

The weight will not be re-verified by carriers or TOs.

Authorities will define inspection and enforcement schemes which may define tolerance threshold for fines and penalties.

Scale calibration accuracy factors are a matter of national legislation. They are not to be mixed up with the term 'tolerance'.

The tare weight of containers to be used for method 2 is the tare weight labeled on the respective container or as otherwise made available by the carrier.

As usual, we count on your full support.

If there are any doubts or questions, please do not hesitate to contact representatives of the undersigned.

COSCO Shipping Lines Co., Ltd.

CMA CGM S.A.

Hamburg- Südamerikanische Dampfschiffahrts- Gesellschaft KG (Hamburg Süd)

Hanjin Shipping Co., Ltd.

Hapag- Lloyd AG

Kawasaki Kisen Kaisha, Ltd. (K- Line)

Maersk Line A/S

MSC Mediterranean Shipping Company S.A.

Mitsui O.S.K. Lines, Ltd.

Orient Overseas Container Line Ltd. (OOCL)

United Arab Shipping Company (S.A.G.)

X-Press Feeders

Yang Ming Marine Transport Corporation