



## Credit rating agency: Container weight rule likely to slow US port traffic

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Fitch Ratings is warning that the new International Maritime Organization's Safety of Life at Sea [container weight mandate](#) is poised to slow cargo throughput at U.S. ports as carriers, shippers and terminal operators grapple with rule set to take effect July 1.

The warning highlights how concern over the container weight mandate is building and awareness is expanding outside the logistics and transportation industries. The SOLAS amendment calls for the provision of a verified gross mass arrived at one of two ways to terminal operators and container lines, or a container will not be loaded on a ship. Shippers may weigh the entire container after it has been packed, or they may choose to weigh each item and its packaging, dunnage, and securing materials and add the sum of those items to the weight of the container.

Containers arriving to ports without the VGM after July 1, "could raise already chronic congestion at the ports that are slowed by chassis management issues, higher cargo loads from larger vessels and inadequate inland or intermodal links," Fitch said in a note.

The firm said Fitch-rated ports have not designed facilities for weighing containers or put in place systems to weigh containers, so what happens to a container unaccompanied by a VGM is still essentially unknown.

Only one terminal operator, [Maier](#), the largest in the [Port of New York-New Jersey](#), has laid out [a position](#) on the matter, saying it will turn away boxes that arrive to its gates without a VGM submitted via electronic data interchange. About half of the 300,000 containers shipped around the world daily have their necessary documentation submitted with EDI, and the SOLAS mandate is set to see that number grow.

"You still have customers that send information by fax or a variety of different ways, but the most efficient system is getting that electronic, EDI (electronic data interchange) connectivity to be a much more significant percentage of the business," said Ron Widdows, the former APL CEO who is now a consultant and chairman of the World Shipping Council. "That is going to ensure a more timely movement of the information and provide some consistency."

**How to meet the container weight mandate**

**As a shipper, what are your options?**

**METHOD 1**  
Take a loaded container over a weighbridge, subtract the weight of the truck, chassis, and fuel to get the weight of the packed container.

**METHOD 2**  
Weigh each item – including its packaging, palleting, dunnage and other packing and securing materials – going into the box. Add that sum to the weight of the container to find the weight of the packed container.

**TOTAL WEIGHT**  
- TRUCK, FUEL, etc.  
**LOADED WEIGHT**

**GOODS + PACKING, etc.**  
**+ CONTAINER**  
**LOADED WEIGHT**

Scales must be certified and calibrated in line with the national standards of the country where the weighing occurred and Method 2 is subject to national certification and approval.

**What are you required to do?**

Provide a document signed by the shipper to the shipping line and terminal declaring that the **shipper verified** the weight and that it was weighed properly.

The SOLAS amendment will be enforced by the coast guard or other agency responsible for SOLAS regulations in a given country and punishments for violations will vary by country.

**What happens in the case of noncompliance?**

There are all kind of possibilities for what could happen to the box that failed to provide the certified weight document but none are settled.

Terminals may choose to hold a container or send it back, but whatever happens, the ship will leave and the container will not.

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High-volume terminals in the U.S. have said weighing containers at facilities in a given harbor is impractical, according to Fitch. At the same time, the largest container port in India, [Jawaharlal Nehru Port Trust](#), has said that it will incorporate VGM acquisition processes [into its yard operations](#).

The risk posed to ports as a result of the mandate will decline over time, Fitch said, and smaller ports that choose to weigh containers unaccompanied by a VGM should be able to manage the investment in weighing equipment well.

Despite these challenges, Fitch expects U.S. containerized throughput to rise in 2016. The latest Global Port Tracker by the National Retail Association and Hackett Associates forecasts a [4.5 percent increase](#) in U.S. imports in the first half.

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