

Agriculture Transportation Coalition

"The principal voice of agriculture in U.S. transportation policy"

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Fluid Situation, Update: IMO Extension/Delay of Implementation of SOLAS container weight mandate

The World Shipping Council (WSC) ocean carriers advocated the [IMO SOLAS container weighing amendment](#) (with the Method 1 and Method 2), starting several years ago. The adoption of this Amendment became publicly and widely known here in the US, late summer 2015. Original effective date – July 1, 2016. Last week, for reasons set forth below, the IMO issued a Circular allowing flexibility, delay or phase-in of the rule

What are the "Methods"? Both require that the terminal be given the total weight of the loaded container, known as the Verified Gross Mass. Under the Ocean Carrier Management Association collective of ocean carriers, a "Best Practices" was issued, which requires the shipper to comply with one of two new 'methods': Method 1 - weigh the loaded container, verify the total weight, convey that verification to the carrier, which then is to convey to the terminal. Or, 'Method 2' under the so-called "Best Practices", the shipper would wait until it sees the carrier's container, read the printed 'tare' weight, add it to the cargo/dunnage weight, submit that VGM together with identity of the individual employee of the shipper who is verifying this total weight, to the carrier, which submits to the terminal. The "Best Practices" would also allow the shipper to go (electronically) to the carriers' websites to look up the container number and the corresponding 'tare' weight, which the shipper would (electronically) add to the cargo weight, and submit (electronically) to the carrier, again with identity of the shipper employee who is submitting this VGM, which the carrier would submit (electronically) to the terminal. Most US terminals and many others around the world, initially announced that no container arriving at the gate without the VGM would be allowed to enter.

The US Coast Guard is the US representative to the IMO. On April 28, 2016 the IMO amendment was formally modified for cargo loaded in the US by the [US Coast Guard declaration of Equivalency](#), stating that **current practices are compliant, and the carriers and shippers are free to develop methods that work for both.**

Under longstanding [OSHA rules](#), all terminals in the US weigh the loaded containers, and have done so since the late 1980's. [OSHA and other laws were cited by the USCG](#) in explaining that current practices are compliant. Thus, the Equivalency created opportunities, which other countries may also be considering, for deviation from Methods 1 and 2 that were the centerpiece of the initial SOLAS amendment, and so vigorously opposed by those shippers who understand the impact on their supply chains.

Southeastern US **ports**, have offered to make available the loaded container weights that are routinely gained at the scales at their gates, thus eliminating the need for Method 1 or 2 or the OCEMA "Best Practices". The USCG has recognized and accepted these ports' approach as compliant with SOLAS. This has provided some breathing room for those who can ship via those ports. Not clear at this point if other ports in the US or worldwide will follow the lead of Charleston and Savannah. However, West Coast terminals also weigh loaded containers at their gates, so can match the SE ports. In the meantime, a number of exporters are planning to route cargo via the SE ports.

Now, as the July 1, 2016 deadline approaches, all parties appear to be better appreciating the **complexity of the supply chain**. Most specifically they are learning that for cargo that is transloaded near the terminals (such as the grain, soybeans transloaded from hopper cars into containers), or loaded from locations near the terminals (such as cold storage, scrap depots, etc), that it is not possible to accomplish the convoluted and repetitive data exchanges (EDI) between the time the cargo is loaded into a container, and the time the truck arrives at the terminal gates. The resulting rejection of trucks at the gates, or stowage of containers around the terminals, or need to slow throughput, will create additional congestion, according to Drewry and others.

The carriers and their advisors who advocate the SOLAS amendment are learning what shipper and forwarder transportation professionals have long known – the supply chain is complex, delicate, easily disrupted, and data driven. Projections of US exporters ([Agriculture Transportation Coalition](#)), as well as independent analysts (Drewry Advisors and [Cowen & Co.](#)) of the global disruption and costs that will result from the SOLAS amendment, are now being taken seriously. The Chairman of the US Senate Committee on Commerce, Science and Transportation has [sent a letter requesting the Federal Maritime Commission](#) investigate and report on impacts of the SOLAS amendment.

Some **countries** have announced their SOLAS container compliance rules, while others are apparently not planning to do anything to implement SOLAS, and others intend to do so but are not ready. Disconcerting to US agriculture and forest products exporters is that some countries which source the products against which we must compete for global customers, are not nearly as likely to enforce SOLAS compliance, do not have weighing requirements equivalent to OSHA

There is some recognition now among the **carriers**, that this will require substantial investment in their own IT, documentation, operations, accounting, etc. While carrier advocacy organizations are reluctant to admit this, it appears that some carriers are not ready and would very much like a delay, or "phased implementation". (Some carrier executives privately agree that the OCEMA 'Best Practices' are costly, disruptive and unnecessary.)

Many **shippers** are waiting to institute any new practices, until it becomes clear what if any changes will be necessary. Some shippers have spent significant sums already in trying to comply with the OCEMA "Best Practices", only to learn they can ship via the SE ports without any change in current practices. Other shippers believe that their ocean carriers will eventually be amenable to following the USCG Equivalency and negotiate other, less disruptive, means of compliance.

The [IMO Circular](#) appears to be a response to this growing awareness of the need for flexibility, and delay or 'phased-in' implementation beyond July 1.

In Sum: As of today, it appears that around the world people are recognizing the cost and likely disruption of this WSC/IMO scheme; there are increasing indications that alternatives (such as the SE US ports initiative, or actions by individual carriers) are being explored, and will surface in coming weeks.

This remains a fluid situation; the most recent IMO Circular is, in my opinion, a recognition of all the factors described above.