

SOLAS – VGM implementation 01/07/2016

Antwerp June 14th, 2016

This document has been established to inform you in general on the implementation of the SOLAS regulation. It is based on information retrieved from shipping lines, authorities and interest groups. There are no precedents on the implementation of this international regulation, and it is still subject to interpretation by the different parties involved. Also the below is based upon the Belgian local legislation so the below information is not complete and subject to change.

1. Where are we now on Solas

1.1 International and local application

SOLAS is applicable on 2 fronts. You have the international rule which describes the reasons, the obligations of the shipper and the 2 methods to obtain the Verified Gross Mass. The shipper in the bill of lading is always considered as responsible party for providing the VGM. And it is the party that will receive the controls and possible fines. Besides that, you have the National legislation which describes the way of verification, the conditions for applying method 2, the allowed tolerance margin and the penalties.

IMO, the International Maritime Organization has 171 members and they cover every country that is connected to an ocean. So this regulation will apply over the whole world. And it will become of force for every ship sailing as from **01/07/2016** in every country. This means that there is no precedent, no example or any experience in the application of this law.

IMO has mentioned that there will be a 3 months grace period where they will apply a more pragmatic approach so that everybody can check and improve their systems, communication etc. However, it does not mean that your container will be shipped if no VGM is provided, or that you can use a none approved method.

The Federale Overheidsdienst Mobiliteit is the governing authority for Belgium. The royal decree governing the Solas will only be published in 'het Staatsblad' +- September 1st.

However, the law is applicable as from **01/07/2016**. So there is no delay on any front. All containers arriving on the berth for a shipment as from this date have to have a VGM or they stay on the berth.

For cross border containers this means the following:

- Method 1: Weighing the containers via a calibrated and certified weighbridge. This is the same for all countries
- Method 2: calculating the weight of the products, packing, securing material and container tare. Here the National legislation is applicable of the country where the container is loaded and sealed. So if you load in Germany and ship out of Belgium, the German law is applicable for the calculation of your weight using method 2, but the allowed tolerance and control will happen according to Belgium law.

For other national legislations we refer to the following official website from the World Shipping Council: <http://www.worldshipping.org/industry-issues/safety/global-container-weight-verification-rule-effective-july-1-2016>

Normally every country should put their information here, but for the moment the number is fairly limited.

These are the only things that are governed by Law. All other agreements made between parties are of pure commercial nature. This means that the relation between buyers and producers, shippers and forwarders or other 3rd parties who provide weighing services are not described in the Solas, neither international nor national. We as Manuport operate under the governance of the General Belgian Forwarding Terms 2005, as published in the Supplements to the Belgian Official Gazette dated 24 June 2005 under N° 0090237 and all our actions fall under these terms and conditions.

1.2 Readiness

In the seminars, articles and discussions on this topic, it is clear that there is still a difference in interpretation and application between the different parties. A lot will be cleared only when things are put into practice. So please do keep in mind that the first months will become challenging. The container terminals in most ports are not foreseen for doing weighing operations at this moment.

A lot of companies (mainly trucking companies) are ordering and installing weighbridges or other concepts such as weight sensors on reachstackers. But many will only be ready in the coming weeks (after 01/07/2016).

Meanwhile the EDI links between forwarders, shipping lines, terminals or other parties, are being set up everywhere and tested. There is still discussion on the number of fields so we created a template with some optional fields in case things would change.

As said there is no history to learn from so it is best to prepare as well as possible in advance for this. It will be a matter of finding the best option for your particular traffics.

2. In Practice

2.1 The weighing

Method 2: The cheapest way and with the least impact on your logistics chain. If you are ISO or AEO certified, you need to include your weighing procedures into your certification and have them approved by your auditors. In Belgium you have a 3rd possibility and that is to work out your procedure and submit it to the National Authority via VGM@mobiliteit.fgov.be Up to now they declared not having received many requests yet.

Method 1: If you have your own certified, calibrated weighbridge, it is best to use it to define the VGM by weighing the empty container, the full container and adding the tare weight of the container. Most accurate tare weight can be found painted on the container doors (there is no indication on the CSC plate). Shipping lines also offer tare weights via their websites, but that is mostly an average which can have differences of sometimes 300 kgs. Example, difference between wooden or steel floor.

Other option is via 3rd parties offering the service. There are a few options in the port of Antwerp for weighing but we expect them to be congested (definitely in the beginning) and not able to absorb the workload that is coming. It always involves an extra stop, possible detour, possible waiting hours and a cost for weighing of course. So preferably stay close to the place of loading. For people using barges, most inland terminals offer the possibility to weigh at their premises. And it avoids extra stops.

Of course you can count on Manuport Logistics to help you find a suitable solution for your traffics.

2.3 Passing on the VGM

The shipper mentioned in the bill of lading is responsible for providing the VGM. The shipping lines accept the data in the following manners:

- Shipping line web platform (not all shipping lines have this option)
- Intra, GT NEXUS, or any other
- Direct communication (only UN/EDIFACT VERMAS supported)
- Email (at a cost varying between 25 and 45 € / container)

Most shippers will not provide the data directly to the shipping lines, don't have an EDI link with the line's systems or the data will be obtained through a 3rd party. Manuport Logistics has developed an interface for our system to send VERMAS messages to the relevant shipping lines. Your data will be linked to our booking and create a VERMAS message with the required info. We offer 2 options:

- Our VGM template: The data required by the shipping lines is not uniform. Some require extra fields and some have a different interpretation on the descriptions of the fields. In order to streamline this information, we have worked out a template containing all necessary fields and some optional ones in case requirements would change. Please find the VGM format added. If you use this template, we can upload your data into our system and send a Vermas message per container (as required). Cost for this action will be 10 € / file. This includes the cost of sending the Vermas messages.

- Manual input: If you send us the data in any other way, we will have to do manual input into our system which increases the workload and gives more risks on errors. The cost for this action will be 15 € / container.

We therefore urge you to use the designated template.

Since we understand the impact all of this has on your logistics chain, our IT dept. is developing an online tool via our web portal to give you the opportunity to work in an even more cost efficient manner. We will inform you once this has been established.

2.4 Cut-off date VGM

The cut-off date will be mentioned on the booking confirmation issued by the shipping line. There is no general rule for the date. Each shipping line, and sometimes each service, has its own rule.

Some are asking to receive the VGM 24 hours before the container closing, others are looking to have the VGM together with the container closing.

We support the later the better. 24 hours up front, means that if you use a weighbridge, you cannot arrive on the container closing day but need to be there one day earlier.

Probably the commercial pressure on the lines will result in a bit more unified procedures in the future, but time will hopefully tell.

3. Solutions for Shippers

The impact of this new rule will be different for all of our customers. The SOLAS regulation stipulates that the shipper bears all responsibility. Also keep in mind that even if you are not mentioned as shipper, but selling ex works or FOB, you may be confronted with Solas and the VGM due to commercial reasons.

First priority for all of us is to avoid short shipped containers due to lack of the VGM. And the next weeks will be challenging. As your logistics provider we will assist you during this new challenge. In the coming period, EDI programs will become more developed, more weighbridges will become available and routes or methods can be optimized. As your logistics provider, we are here to implement this new regulation together with you! So please don't hesitate to contact us.

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