

Part 1: Answers to Your Top Ten Questions About SOLAS and VGM

Simon Clark, VP Business Development EMEA for WiseTech Global, answers your top ten most frequently questions about SOLAS.

1. What is SOLAS?

SOLAS stands for the Safety of Life at Sea Convention (SOLAS). This convention was amended by the United Nation's International Maritime Organization (IMO) in November of 2014, requiring shippers to provide a container's Verified Gross Mass (VGM) to the carrier and terminal operator before a container may be loaded on board a vessel, with enough time in advance of loading for the carrier to complete the vessel stow plan.

Much of the confusion around SOLAS can be cleared up by understanding the International, National, and Commercial issues. At the time of this article, while the IMO has made the international framework of SOLAS's VGM requirements clear, many of the National (such as penalties and weight tolerances) and Commercial issues (such as the timing and method of submitting VGM data) remain unclear.

2. When will it come into effect?

Containers cannot be loaded onto vessels without the container's VGM as of July 1, 2016. However, as enforcement and accuracy tolerances are national issues, individual countries may have separate schedules surrounding their areas of authority. It should also be noted that the implication of a July 1st start date is that VGM data will need to start being sent to carriers in advance of the July 1st date for containers being loaded on or after July 1st.

3. Who is responsible for it?

This is an International issue. The IMO defines a shipper as "a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document as shipper, and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company."

Given this definition, a forwarder or NVOCC could be considered a "shipper" if their name is on the master ocean bill of lading. As such, the forwarder or NVOCC would be responsible for submitting the SOLAS data to the carrier and terminal. This will most likely be the case for LTL shipments, i.e. the forwarder on the master ocean bill will be responsible for submitting the signed VGM to the carrier and terminal operator, even if they compute that VGM using Method 2 (more on this below) and ask individual shippers to provide the verified actual mass of the goods they are shipping.

4. Who will enforce it?

As mentioned above, this is a National issue and the source of much of the confusion surrounding SOLAS, since many national governments have not made their positions clear as of the writing of this article. Some governments, like that of the United States, seem to largely be treating SOLAS as a commercial issue and are not issuing any new guidance or penalties related to SOLAS compliance.

Additional fees for holding back containers at the terminal are a Commercial issue, and up to the terminal and carrier.

5. How can container weight be verified?

There are two methods for verifying container weight.

- Method 1: When a container is packed and sealed, the shipper may weigh – or arrange for a third party to weigh – the packed container. If a third party weighs the container, the shipper will remain responsible for the accuracy of the weight.
- Method 2: The shipper may weigh all materials to be packed into the container (including packages, cargo items, pallets, and any other packing or securing material), and add the tare mass of the container to the sum of all single weights of materials packed into the container. Again, if the shipper arranges for a third party to weigh the individual contents of the container under this method, the shipper remains responsible for the accuracy of the weight.

The tolerances and acceptable standards and requirements of weighing equipment are a domestic issue and as such are governed by the State in which the equipment was used.

Also note that in some countries, like the UK, certification is necessary to be allowed to use Method 2 to compute the VGM.

6. Can a Freight Forwarder submit SOLAS information on behalf of the shipper, and if so, how?

Yes, but the shipper remains responsible for the accuracy of the weight.

As for how to submit VGM data to the carriers and terminals, this is a commercial issue and as such up to the carriers and terminals. There are presently three main ways being put forth:

- A net new electronic message could be used
- Shipping Instructions could be amended to include VGM data
- A Verified Gross Weight document complete with signature could be emailed or faxed to the carrier

Again, it is up to the carriers and terminals as to which methods they will accept and under what timing. Formats and commercial terms on non-compliance could potentially vary from one Carrier to another. At the time of this writing, the specifics of the timing and formats of the VGM advice are still somewhat undefined.

Regardless of the method of submission the three main data elements of the VGM data are:

- The verified gross mass itself
- The method by which the VGM was computed (Method 1 or 2)
- The signature of the responsible party

7. What is WiseTech Global doing in regards to SOLAS?

We are actively reviewing the positions of governments, carriers, and terminals in regards to SOLAS to help ensure that CargoWise One (C1) will be able to manage SOLAS requirements, both from a data collection and a data submission aspect. For reference, there are 162 contracted countries under SOLAS with 113 of those countries being licensed in C1.

Our product team is creating a new Verified Gross Weight electronic document that will capture all relevant VGM data. We will also create configurable document strips that can be included in various shipping documents and be further configured by our customers. This electronic document, changes to Shipping Instruction, and new documents strips are under development and are a part of our ongoing conversations with carriers.

8. What can Freight Forwarders be doing right now?

Aside from staying informed and ensuring that their software service provider is also staying informed, there are two significant things that Freight Forwarders can do. First, they can start modifying their Terms and Conditions

to reflect the upcoming SOLAS requirements. While making these modifications, Forwarders should remember that enforcement is a National issue and their T&C should reflect this. Second, they can start educating their shippers so that they are prepared for July 1st and not caught unaware. One additional issue to consider with shippers is that some terminals (like those offering weighing services) may experience congestion under SOLAS.

9. As a Freight Forwarder, how should I be thinking about SOLAS?

Primarily, think of SOLAS as an opportunity. SOLAS represents an additional shipper requirement, and as such, it is one more way that a forwarder can offer additional services to the shipper. Even though the shipper remains responsible for the VGM requirements of shipments where their name is on the Master Ocean Bill of Lading, forwarders can obtain the VGM and submit it to the carrier on behalf of the shipper. SOLAS may also provide savvy forwarders with the opportunity to obtain more electronic shipment information from their shippers.

10. How can I stay informed?

Send an email with SOLAS in the subject line to info@wisetechglobal.com. WTG will keep you up to date on SOLAS developments with notices of regulation announcements, curated articles from various media sources, and updates on WiseTech Global product developments in this area.