



Maersk Line, Limited

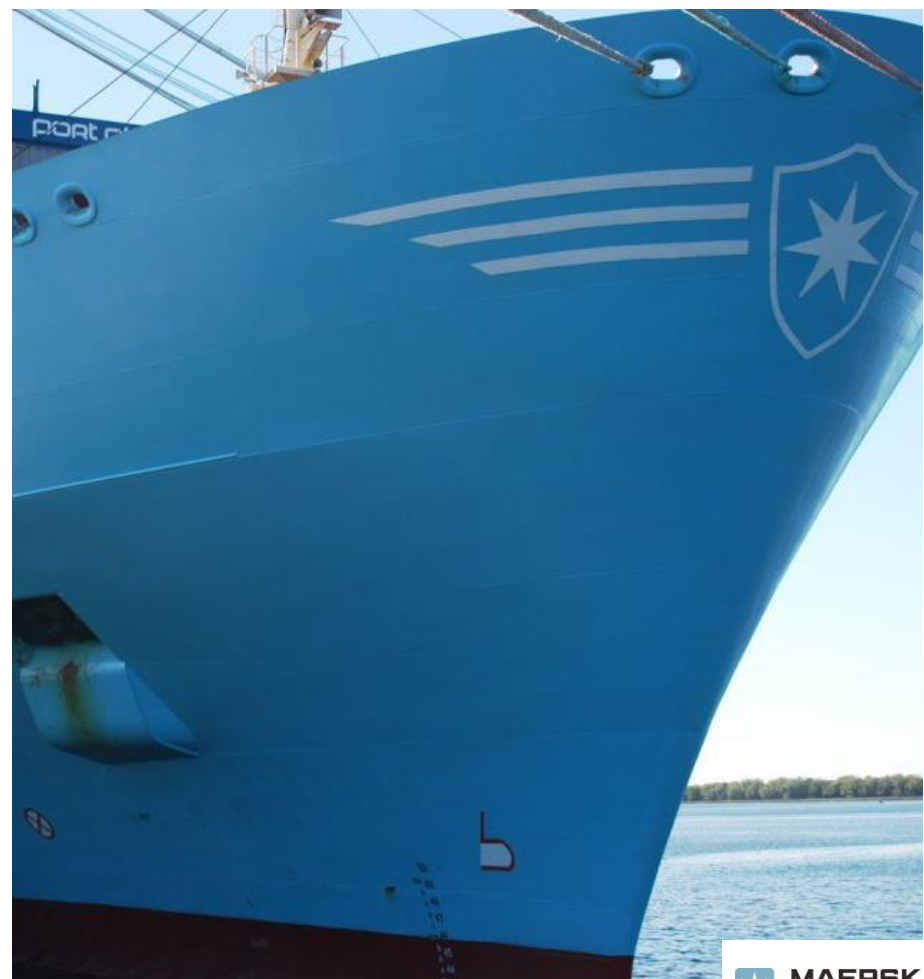
New Container Weighing Regulations – What You Need To Know

05 May 2016

Agenda

- MLL at a glance
- SOLAS in Context
- Impact on the Industry
- Impact on Shipper
- Industry Update
- Actions
- Learn More
- Q&A

MAERSK LINE, LIMITED



Maersk Line, Limited at a glance

- Involved in the movement of U.S. Military cargo
- Involved in the operation of U.S. Navy non-combatant ships

Key figures

Years of Service **34**

Year established to convert and operate 5 U.S. Navy cargo ships **1983**

Vessels operated worldwide **33**

Mariners employed at sea on any given day, making us the largest commercial employer of American seafarers **700**

Colleagues employed ashore **170**

Ships enrolled in the U.S. DOT Maritime Security Program (MSP) and the Voluntary Intermodal Sealift Agreement (VISA) **23**

SOLAS in Context

Focus on safety of merchant ships

International Maritime Organization (IMO) has 171 member countries

- IMO is host of the SOLAS convention
- SOLAS = Safety of Life at Sea
- Amendments to SOLAS are applicable to all member countries

The new amendment focuses on verifying container weight

- Amendment to existing convention (chapter VI , regulation 2)
- Intent is to reduce:
 - Loss of containers from vessels
 - Provide assurance to parties in the supply chain
 - Improve the safety of the workforce, vessel and equipment

The main change is that per 1st of July 2016, *the gross mass of the container shall be verified by the shipper*

**Due to the new SOLAS amendment,
*declaring container weight is becoming a legal requirement***

Impact on the Industry

- What?
- How?
- Who?
- When?

What is Verified Gross Mass (VGM)?

VGM is the declared weight of a full export container

- Every export container needs a VGM:
- Standard sea freight container
- Tank containers
- Flat racks, and
- Bulk containers

The VGM process is closed if:

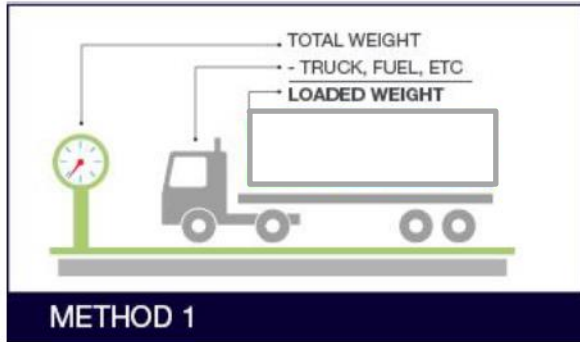
- Maersk has received the VGM and:
- The container is boarded on the vessel.
- There is no reweighing of a container at port of destination or at transshipment

99% of 150 million TEU globally shipped is subject to the new SOLAS amendment

How can VGM be obtained?

Method 1

- Weighing the container after packaging and sealing



Method 2

- Weigh cargo pieces
 - Packaging material
 - Container tare weight*
(*found on the container)
- } = VGM



Who is responsible for providing VGM?

Shipper is always responsible for providing VGM to Maersk!

Depending on the contractual agreement, the shipper can be:

- The importer or exporter of cargo, or

A logistic service provider

- Consolidator
- NVOCC
- Co-loader

**Shipper is a legal entity or person named on the
(original) bill of lading or sea waybill**

When is the starting date?

1st of July, 2016

- Even if national government has not provided guidelines
- Maersk will have to abide by the new SOLAS regulation as of 1st of July 2016

Impact on Daily Operations



Continue shipment

- Containers already boarded on a vessel prior to 1st of July



In need of VGM

- Containers at Container Yard (but not loaded)
- Containers in transshipment (to mother or feeder vessel)
- Containers connecting to a vessel after inland move

As of 1st July 2016: No VGM = no shipment

Impact on Shipper

- Lead Time
- Communication
- Documentation
- Cost of Compliance

Communicating VGM to Maersk

The VGM can be part of the shipping instructions or as a separate communication

Required information

- VGM
- Party providing VGM (Signature)
- Verification Date
- Shipper
- References (Container Number, Maersk Booking Number or Bill of Lading Number)

Additional requested information

- Additional National Requirements (e.g. UK weighing party certification #)

Maersk requires the VGM (=weight) and not the VGM document

Industry Update

- Government
- Communication Channels
- Terminals

Governments

The VGM will be a global requirement

- Countries can decide own regulation on:
 - Certification of weighing parties
 - Calibration of weighing scales and
 - Margin of error

Local differences in enforcement of SOLAS amendment are already visible

Enforcement is on a country level

Examples:

	UK	Requires registration of parties providing method 2 weighing
	NL	AEO / ISO certified companies are automatically allowed to use method 2
	USA	Is not in alignment on how to implement regulation
	China	Has still to communicate guidelines

Communication Channels

Communication channels

- Maersk prefers to receive the VGM electronically (EDI or e-platforms)
- To accommodate all shippers, Maersk will also accept email or submission via Maersk website

Cut-off times




- Maersk has not announced if there will be any changes in the cut-off times

Terminals

Every terminal needs to decide on their own VGM strategy

Commercial weighing is a local decision

Examples:

	UK	Multiple terminals have announced they will accept containers without VGM, but in a separate stack
	Brazil	Terminals already offer weighing as a service directly to the shipper
	India	Terminals in Mumbai will integrate VGM in their normal yard operations

Gate in process of containers with/without VGM

- Some Terminals will keep containers without VGM at a separate stack

**In case of any doubt,
a terminal can ask to re-weigh the container**

Actions

What's next?

- Check your options
 - Check weighing scales availability
 - which methods of weighing (1 or 2) are locally available
 - Check the national requirements
 - about physical verification of container weight, certification of weighing party and margin of error
 - Check your internal processes
 - Check which scenario's fit best to your business
 - Time line (cut off per country)
- Check who is the shipper in your current process
 - Use of logistic provider (change in cut off time)
 - Check cost impact of weighing options
 - Join your local shipper's association
 - Talk to Maersk / your local government to raise awareness



Thank you

