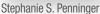


# Don't Let Your Weight Get You Down: How to Be Ready for IMO's New Ocean Container Weight Rule by July 1st







Brittany L. Shaw

The International Maritime Organization ("IMO") adopted new amendments to the Safety of Life at Sea ("SOLAS") convention that will apply to international shipments and go into effect on July 1, 2016. This amendment will mandate a "verified gross mass" for all shipping containers to which the IMO's convention for safe containers applies prior to loading aboard a containership. The purpose of this adoption is to further the IMO's safety mandate because, in the past, intentional and accidental misdeclarations of container weights have been the source of various marine casualties.

### Who is responsible?

Under the new SOLAS requirements, the party named as shipper on the ocean bill of lading is responsible for providing the maritime ocean carrier and the terminal operator with the verified gross mass of a packed container. The carrier and the terminal operator cannot load a packed container aboard a ship until the verified gross mass for that container has been received. If a container is empty, the regulations will not require weight verification. Carriers and

terminal operators are not required to double check the verified gross mass that has been provided to them.

## What methods may be used to obtain the verified gross mass of a packed container?

There are two methods by which a shipper may obtain the verified gross mass of a packed container. The first option allows for a shipper to weigh, or arranged for a third party to weigh, the entire packed container. The second option, which may be impractical for certain types of cargo and flexitanks, allows a shipper, or a third party, by arrangement of the shipper, to weigh all packages and cargo items individually, including the mass of pallets, dunnage and other packing and securing material, and add the tare mass of the container to the sum of the single masses of the container's contents. A shipper may not estimate the weight of a container's contents. Additionally, the party packing the container cannot use the weight someone else provided unless it meets a specific set of defined circumstances where the cargo has been previously weighed and that weight is clearly and permanently marked on the surface of the goods. In both methods, the equipment or any other device used to verify the gross mass must meet the applicable accuracy standards and requirements of the country in which the equipment is being used. IMO has not provided specific requirements at this time. However, the U.S. Coast Guard is expected to publish further guidance soon on obtaining verified gross mass.

### What documentation is required and how must it be communicated?

SOLAS regulations require the shipper to communicate shipping containers' verified gross masses, as determined by one of the two specified methods, in a shipping document. The document, which should clearly specify the "verified gross mass," can be part of the shipping instructions or in a separate communication, such as a declaration, including a weight certificate. The verified weight may be expressed in kilograms or pounds, depending upon the measure commonly used in the originating jurisdiction. Irrespective of its form, the document must be signed by a person duly authorized by the shipper. SOLAS does not mandate the form of communication between parties when exchanging the verified gross mass information; therefore, the information and signature may be transmitted electronically.

### How is the regulation enforced and what penalties may parties face?

Noncomplying containers that are too heavy or without weight verifications cannot be loaded aboard the ship. Additionally, containers inadvertently or otherwise loaded onto vessels after July 1, 2016 which are not weight verified may not be covered by the shipper's maritime insurance. Additionally, possible penalties that could be assessed against a shipper include fines, repacking costs, administration fees for amending documents, demurrage charges, and delayed or cancelled shipments. SOLAS imposes

(continued)



an obligation on the carrier and the terminal operator not to load a packed container aboard ship for which no verified gross mass has been provided or obtained. If carrier and terminal operator do not comply with the regulations, commercial and operational penalties, such as delayed shipment and additional costs, may apply if the shipper has not provided the verified gross mass for the packed container and it is loaded onto a vessel.

#### How can you prepare?

Shippers and carriers must work together to establish and implement processes to ensure that the verified container weights are provided to the necessary parties in a timely fashion. Carriers need to provide shippers with "cut-off times" within which the carrier must receive the weight verification. This information is necessary to prepare the stowage plan of the ship prior to loading. While deadlines will differ, shippers should request cut-off times from carriers. in as much time in advance of the vessel's sailing as possible, to ensure that the deadline is met particularly for just in time shipments. Carriers and shippers should also evaluate their current service agreements, terms and conditions, bills of lading and tariffs to protect themselves against delayed shipments and additional costs associated with shippers not providing the weight verification on time. Shippers should determine which method is best suited for verifying gross mass, taking into consideration the types of cargo being shipped, and make advance preparations to ensure timely delivery of the verified gross mass to the carrier in the form requested by the carrier. Finally, U.S. importers should develop procedures for verifying that their foreign sources are in compliance with the new SOLAS amendment.

### For additional information, please contact:

**STEPHANIE S. PENNINGER** at <a href="mailto:spenninger@beneschlaw.com">spenninger@beneschlaw.com</a> or (317) 685-6188

**BRITTANY L. SHAW** at <u>bshaw@beneschlaw.</u> com or (317) 685-6118

**STEPHANIE S. PENNINGER** is Chair of Benesch's Maritime Transportation focus area. Her experience includes representing motor carriers, third party logistics providers, ocean transportation intermediaries, national shippers, large private fleets and water carriers in the domestic, noncontiguous trade lanes concerning transportation and logistics matters, including: providing counseling concerning maritime and admiralty law issues and regulatory compliance, handling maritime casualty matters, drafting ocean transportation service agreements and prosecuting and defending freight charge disputes and cargo claims for loss, damage or delay.

Ms. Penninger works out of the firm's Indianapolis and Philadelphia offices and is an active member in numerous transportation and logistics industry groups and organizations.

**BRITTANY L. SHAW** is an associate in the firm's Litigation Practice Group. Her practice focuses on working with clients in the Transportation & Logistics field as well as dealing with matters involving Real Estate.

Ms. Shaw works out of the firm's Indianapolis office, and is also certified in civil mediation.

#### **Additional Information**

For additional information, please contact:

#### **Transportation & Logistics Practice Group**

Michael J. Barrie at (302) 442-7068 or mbarrie@beneschlaw.com

Marc S. Blubaugh at (614) 223-9382 or mblubaugh@beneschlaw.com

Matthew D. Gurbach at (216) 363-4413 or mgurbach@beneschlaw.com

James M. Hill at (216) 363-4444 or jhill@beneschlaw.com

Jennifer R. Hoover at (302) 442-7006 or jhoover@beneschlaw.com

J. Allen Jones III at (614) 223-9323 or ajones@beneschlaw.com

**Thomas B. Kern** at (614) 223-9369 or tkern@beneschlaw.com

Peter N. Kirsanow at (216) 363-4481 or pkirsanow@beneschlaw.com

David M. Krueger at (216) 363-4683 or dkrueger@beneschlaw.com

Christopher J. Lalak at (216) 363-4557 or clalak@beneschlaw.com

Andi M. Metzel at (317) 685-6159 or ametzel@beneschlaw.com

Kelly E. Mulrane at (614) 223-9318 or kmulrane@beneschlaw.com

Lianzhong Pan at (86 21) 3222-0388 or lpan@beneschlaw.com

Martha J. Payne at (541) 764-2859 or mpayne@beneschlaw.com

Stephanie S. Penninger at (317) 685-6188 or spenninger@beneschlaw.com

Joel R. Pentz at (216) 363-4618 or jpentz@beneschlaw.com

Richard A. Plewacki at (216) 363-4159 or rplewacki@beneschlaw.com

Brittany L. Shaw at (317) 685-6118 or bshaw@beneschlaw.com

Peter K. Shelton at (216) 363-4169 or pshelton@beneschlaw.com

Clare R. Taft at (216) 363-4435 or ctaft@beneschlaw.com

Katie Tesner at (614) 223-9359 or ktesner@beneschlaw.com

Jonathan Todd at (216) 363-4658 or itodd@beneschlaw.com

Eric L. Zalud at (216) 363-4178 or ezalud@beneschlaw.com

www.beneschlaw.com

As a reminder, this Advisory is being sent to draw your attention to issues and is not to replace legal counseling.

UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, WE INFORM YOU THAT, UNLESS EXPRESSLY STATED OTHERWISE, ANY U.S. FEDERAL TAX ADVICE CONTAINED IN THIS COMMUNICATION (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (i) AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.