OCEMA

Ocean Carrier Equipment Management Association

Statement for the Record

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Introduction

Good morning Commissioner Dye, Admiral Thomas, and industry colleagues.

On behalf of the 18 ocean carrier members of the Ocean Carrier Equipment Management Association (OCEMA), I would like to thank the U.S. Coast Guard and FMC for the opportunity to speak to this listening session regarding the amendments to SOLAS Regulation VI-2 relating to cargo information and verified gross mass (VGM).

I am Rob Cannizzaro, Vice President of Marine and Terminal Operations of Hamburg Süd North America, Inc., and Chairman of the Operations Council of OCEMA. I also serve as Chairman of OCEMA's Container Weight Committee, which is working on the VGM issue.

OCEMA provides a forum for its members to discuss, evaluate, and reach agreement with respect to matters pertaining to the transport and operation of carrier equipment in the U.S. Included in its scope are equipment related safety, operational, and regulatory activities. OCEMA's activities are authorized under the U.S. Shipping Act, through a basic agreement on file with the FMC.

I am pleased to be here today to share with you what OCEMA and its members are doing to prepare for the implementation of the SOLAS VGM regulation. OCEMA's ocean carrier members are committed to working with supply chain partners to facilitate compliance with the VGM regulation with as little disruption as possible to the existing supply chain processes already in place.

Amendments to SOLAS Regulation VI-2 Regarding Cargo Information and Verified Gross Mass

OCEMA commends the U.S. Coast Guard, World Shipping Council (WSC), and other IMO governmental members and observer organizations for their efforts to improve container safety. The WSC has published an abundance of information and guidance (FAQs and white papers) and conducted numerous educational outreach webinars with industry stakeholders. The IMO has also developed

detailed guidance on the regulation to assist the industry in the implementation process. We encourage the shipping public to take advantage of these resources.

The issue of misdeclared container weights has a direct impact on the safe movement of containers by sea as well as over the road. The IMO's amendments, which require packed export containers to have a verified container weight as a condition for loading aboard a vessel for export in international commerce, will ultimately improve safety throughout the supply chain, including aboard ships, at port facilities, and on public highways.

How the Industry Complies Today

Today, ocean carriers typically provide instructions to shippers on the appropriate and allowable stuffing of containers. Shippers or their agents are then required to provide the gross mass of the cargo or the cargo unit, as well as any relevant special properties of the cargo. Shippers are also required to ensure that the gross mass determined is in accordance with the gross mass on the shipping documents provided to the ocean carrier.

While some export containers are weighed upon arrival at the terminal, this is largely dependent on the facility. Weighing by the terminal is frequently done to satisfy other operational or occupational safety purposes and may be received too late for use in the vessel stowage planning process. In addition, terminals typically do not weigh containers arriving by rail.

Ocean Carrier Preparation and Industry Issues for Consideration

The new regulation should not require wholesale changes to existing procedures, but some processes will need to be revised. OCEMA is working to address the technical and operational aspects of implementation of the VGM requirements in the U.S. OCEMA's Container Weight Committee is developing a technical VGM process map for internal carrier use, aimed at standardizing information flow among carrier and other parties to minimize changes from present procedures. Over the next month or so, OCEMA will issue a recommended best practice for how the carriers will receive VGM from their customers; establish a cut off time for when that information needs to be submitted; identify how that information will then be shared with marine terminal operators and, ultimately, the vessel operator so that it may be used for stowage planning.

OCEMA members would prefer to receive VGM electronically, but recognize that some shippers do not currently have the ability to provide electronic VGM. Therefore, the intent of the process is to allow for cases where shippers are unable to send the information electronically. That said, particular shippers and/or ocean carriers may need to modify some of their communications methods and systems to accommodate the VGM data transfer requirements. This work is unique to each participant and will require some focus and coordination. From the ocean carrier perspective, this effort is well underway.

OCEMA will also continue to engage in dialogue with its service partners and shippers to address concerns. To date, OCEMA has initiated discussions with marine terminal operators on the data transfer and timing issues. We realize that we may similarly need to establish protocols for dealing with cargo that arrives with no VGM. OCEMA's point of view is that the timing for the receipt of VGM should be

similar to the current 24-hour rule and "no docs/no load" rules that carriers and marine terminals are already utilizing.

Another issue that has frequently been raised is whether the tare weights printed on the doors and sides of containers can be relied upon or if variances in container weight should be taken into consideration. OCEMA's position on tare weights is consistent with that of the IMO. The IMO's committee of experts considered possible variances in the weight of individual tares of containers, but determined that such variances were not material. Thus, as we understand it, the IMO's intention was that shippers are authorized to rely on the tare weight printed on the container when using Method 2 to determine VGM. Thus the shipper would not be guaranteeing the accuracy of the container tare weight. All that the shipper needs to do is accurately incorporate the weight printed on the side of the container door in its VGM weight calculation.

It is clear that all stakeholders must work together to establish reasonable time cutoffs. We look forward to continuing these discussions and working with our customers and marine terminal partners to develop solutions to promote fluidity, predictability, and enhance the movement of cargoes.

U.S. Coast Guard Facilitation of the Regulation

OCEMA encourages the U.S. Coast Guard to assist with the facilitation of compliance by taking the following actions:

1) Establish a fast track procedure to identify recurring questions on the regulation and provide public guidance on specific issues of concern on the Coast Guard's website;
2) Confirm in the U.S. Coast Guard guidance that shippers may rely on the container tare weight as marked on the container for purposes of Method 2 calculations; and
3) Actively encourage ocean carriers, shippers, marine terminal operators, freight forwarders and other interested parties to work together to facilitate timely compliance with the VGM regulation.

Conclusion

It is clear that all industry stakeholders will need to examine their existing business practices and procedures and make necessary adjustments to comply with the requirements. The time to do so is now for those who have not already done so. This will require each stakeholder to focus on its processes. We encourage all stakeholders to consider how the regulation will affect them and to communicate their concerns to their industry partners.

The ocean carrier community has been doing this through OCEMA, by mapping out its internal processes and identifying how the carrier community will interact with other stakeholders. We hope this detailed examination will facilitate carrier efforts to promote industry best practices and both identify and clarify opportunities toward compliance for all stakeholders. We think the VGM rule will have positive effects for all, but know that there will be some effort required by all.

OCEMA's leadership wishes to make clear that we are available to work with other partners in the supply chain to facilitate compliance in the most productive, least intrusive manner possible in order to

ensure fluidity and safety for the movement of containerized cargo in the U.S. modes, particularly for the export sector.

Thank you again for the opportunity to share the ocean carriers' VGM preparation efforts with you today.

-OCEMA-

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