



# HONG KONG LINER SHIPPING ASSOCIATION

## 香港定期班輪協會

Issued date: June 15, 2005

### **Background**

Two incidents of stowaways were recently discovered in the port of Los Angeles, USA after the discharge of the ocean going containers from the vessels. In both incidents, the containers were booked by reputable NVOCCs and loaded at Shekou, but the cargo were co-loaded shipments from shippers who placed bookings with the NVOCCs concerned, shippers were subsequently found to be non-existent and so were the consignees.

The US Customs were very concerned about the repeated stowaway incidents, and had demanded all the parties involved to put forward their respective action plans to remedy the situation. As the stowaway problem would give rise to serious financial and commercial consequences to all parties involved, including heavy penalties, delays in Customs clearance at destination, and putting the customers' CTPAT and NVOCCs' bond with the US Customs at jeopardy, it was recently discussed at the Steering Committee of the Hong Kong Liner Shipping Association with the resolution to convene a meeting with the industry to agree on joint measures to tackle the stowaway problem.

The industry stakeholders have discussed and agreed that the human smuggling problem could seriously affect the normal operation. Nevertheless, co-loading would continue to be "a fact of life" in the NVOCC market, esp. amongst the medium-to-small sized players.

"Known Shippers" and "Known Tractors" were agreed to be one of the keys to curbing the problem. We understand that "Terminal Security" (ie 100% scanning of container to be implemented at the port terminals) would be the ultimate solution to curb the stowaway problem as the x-ray screening would not affect the efficiency of terminal operations. Meantime, HKLSA has developed the following set of procedural guidelines on booking acceptance for the reference of all parties involved, it is highly recommended for the Seafreight Members to review your internal booking procedures especially when the shipments involve co-loaders.

### **Guidelines for NVOCCs on how to tackle the stowaway problem**

1. Irrespective of FCL or LCL cargo, NVOCCs should request the new shippers to fax in their business registration (BR) for reference, and advise shippers that their cargo acceptance is subject to NVOCCs' review, incl. on-site visit.
2. NVOCCs should follow up on the new shippers via contacting their overseas offices as well as the shippers' to establish cargo's authenticity, and visit shippers' as far as possible. Booking should only be accepted when NVOCCs have confidence about the shippers' identities. In the event that the identity vetting cannot be completed before

*Secretaries: Commercial Management Ltd.*

*Unit 2903B, The Centrium, 60 Wyndam Street, Central, Hong Kong*

*Tel: 2857-6630 Fax: 2857-6775*

shipment, the NVOCC concerned should exercise due diligence to complete the process as soon as possible after the shipment is effected. In case of suspicion about the shipper's identify, the NVOCC concerned should immediately notify the carrier for action.

3. Irrespective of "new" or "old" shippers, NVOCCs should pay special attention to the following bookings:
  - a) shipments change from LCL to FCL,
  - b) shipments change from one trade to another trade,
  - c) shipments change from one destination to another,
  - d) shipments involving change of shipper/consignee details that look suspicious,
  - e) shipments requiring "hot box restowage",
  - f) shipments requiring big changes in description/package/CBM
  - g) shippers with only mobile phone contact
  - h) shippers who agree to pay freight rates at above market / tariff levels, and readily in cash
4. NVOCCs should accept co-load shipments only from the co-loaders well known to them and have internal booking control process which conforms with the required security standards.
5. NVOCCs accept co-load shipments conditional upon the co-loaders undertaking the validation on the legitimacy of the actual shippers and consignees
6. NVOCCs do NOT accept multiple co-loading bookings.
7. NVOCCS notify the carrier in writing for any co-loading shipments, with related details.

## **Guidelines for Tractors/Truckers**

### **1. Driver management**

Trucking companies should properly check the drivers' background at the time of recruitment and maintain a proper staff record (including a photocopy of driver's ID, driving license, guarantor's ID, full home address, contact person and phone no. etc) for records.

For the contracted drivers/trucks, the trucking companies concerned should require the contracted drivers to provide valid guarantors and conduct authentication check on the guarantors. The contracted drivers should be under the trucking companies' normal management.

### **2. Security policy**

Trucking companies should formulate their internal security policy which will be updated regularly to reflect market practices.

### **3. Security training**

Trucking companies should provide regular training on security, anti-stowaway, anti-smuggling and anti-pilferage for all their drivers, management/administrative staff and "dispatchers".

### **4. Implementation of security measures**

Trucking companies should implement the following security measures:

- 4.1 When a driver picks up empty, he should thoroughly check the container's conditions. If the container is not suitable for cargo packing, he should request the carrier concerned to change for a container of sound conditions.
- 4.2 At the time of container cargo packing, the driver should stay on site. If the vendor/shipper requests overnight container stuffing, the driver should report the request to "dispatcher".
- 4.3 After container cargo packing, the driver should carefully lock the seal in the presence of the vendor/shipper.
- 4.4 During the transportation, the driver should avoid making stopovers. If stoppage is unavoidable, he should park the truck in "guarded" parking facilities to ensure cargo safety. The stopover should be as short as possible.
- 4.5 During transportation, the driver should keep high alert to new patched/repairs/weight discrepancies/strange noises inside the container, and immediately report any suspected features to the trucking company and/or the carrier concerned.
- 4.6 Trucking companies should strictly observe the security measures of terminals and depots.
- 4.7 In the event of stowaway, smuggling or pilferage, trucking companies should cooperate with the investigation procedures.
- 4.8 Trucking companies should be alert to any new business that is associated with uncommon/unusual packing locations and/or customers who are willing to pay well above market rates for the service.

Expiry  
Indefinite

*(End of Guidelines)*