

SEAFREIGHT SUB-COMMITTEE

Chairman: JET-SPEED AIR CARGO FORWARDERS (HK) LTD – Mr. Gary Lau
Vice Chairman: ACE PROTRANS FORWARDING LTD – Mr. Sydney Chan
Members: CARGO FREIGHT SERVICES LTD
AE EAGLE LOGISTICS HONG KONG LTD
DHL GLOBAL FORWARDING (HONG KONG) LTD
SEA-AIR LOGISTICS (HONG KONG) LTD
THE JANEL GROUP OF HONG KONG LTD

SOLAS Requirement - Verified Gross Mass (VGM) of a Container Carrying Cargo

The amendment to SOLAS (International Convention for the Safety of Life at Sea) Chapter VI, Regulation 2 regarding the verified gross mass of a container carrying cargo (packed container) was adopted at the 94th MSC (Maritime Safety Committee) session in November 2014 for entry into force globally on 01 July 2016.

This amendment requires mandatory verification of the gross mass of a container prior to loading on the vessels to which SOLAS Chapter VI applies. Although some exemptions are included (for roll-on/roll-off vessels amongst others), the vast majority of containers loaded for export will fall under this new regulation.



Source: Marine Department



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In view of the obvious impact on forwarders' operations, HAFFA collected many enquiries and concerns from Members, and reflected to the Marine Department ("MD" - the authority regulates VGM in Hong Kong) via numerous face-to-face meetings, emails and phone calls. We also made pragmatic suggestions for the MD to issue notice to shippers as well as modify the relevant guidelines, declaration, forms and FAQ etc.

To facilitate Members in compliance with the new regulation, HAFFA, with the input of MD, established three non-binding Best Practices for Members' reference, which include:

- (1) **HAFFA BP 011:** Marine Department's advice on the liability issues under the expression of "O/B" "ABC Forwarder on behalf of..." and "C/O" "....care of ABC Forwarder" on Bills of Lading

(2) **HAFFA BP 012:** Recommendations for Members that handle FCL containers or outsource the services (physical cargo acceptance, weighing and consolidation) to the CFS warehouses and use METHOD 2 for mass verification

(3) **HAFFA BP 013:** MD's endorsed guidelines for Members to fill out the Container Mass Declaration under different modes of operation

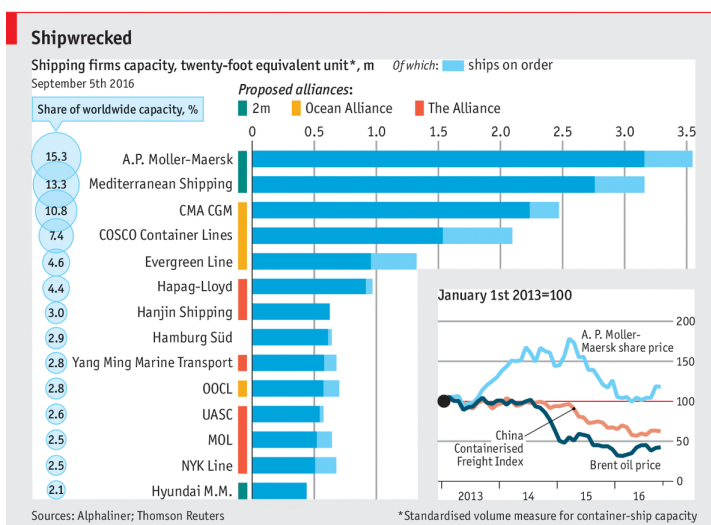
For ease of reference, a dedicated webpage with comprehensive and all useful information including the above BPs was set up under "INFO CENTRE">>"SEAFREIGHT" of the HAFFA website <http://www.haffa.com.hk> (<http://www.haffa.com.hk/portal/Page/Default.aspx?id=795>).

The MD organized a meeting on 23 August 2016 to review the implementation of VGM requirement. It is gratifying to know that the new regulation in general runs smoothly since its implementation.



Hanjin's Receivership

Following the withdrawal of support from its creditors after a lengthy period of financial distress, the Board of Hanjin – the world's seventh biggest container line has decided to proceed with Receivership on 31 August 2016. Dozens of Hanjin Shipping ships carrying what was estimated to be more than half a million containers were either stranded, unable to dock due to uncertainty over payment of fees, or had been seized by the company's creditors.



Source: <http://www.economist.com>

Members were timely updated of the latest development of the matter and were recommended that in case any of the shipments involved Hanjin Bill of Lading or Hanjin vessel, it was advisable to keep their customers concerned informed of the latest update and notify them that there would be likely to a delay in cargo release at destination and possible additional cost would be incurred. Besides, Members were also reminded to seek advice from their legal advisers and liability insurers in order to take all appropriate steps to protect themselves and to secure their cargoes.

In early September, the Association voiced outrage at the handling of the situation resulting from the receivership of Hanjin Shipping and reflected Members' grave concerns to the Transport and Housing Bureau (THB) and Hon. Frankie Yick (Legislative Councilor) respectively. In response to HAFFA's requests, Mr. Yick convened an urgent meeting with THB, HIT, HAFFA and other industrial associations on 14 September 2016.

At the meeting, HAFFA brought out many difficulties Members encountered and made official requests to HIT in order to mitigate the critical situation. In particular, one of the key concerns was that communications from HIT were not transparent. There was no clear and official written information provided by HIT since the inception of the matter. Instructions were made verbally only. Members found it confused and almost impossible when communicating the HIT fees with their customers without any official announcement in such a chaotic situation.



Source: Apple Daily

After lengthy discussions, HIT undertook to issue an official notice on the published rate with the details of payment method, procedures and hotlines on 15 September 2016. An update on the meeting together with the HIT notice were disseminated to all Members via News and posted onto the website on the same day. Trust that this can address the major concerns of Members.

Notwithstanding what the law may say, in a global world like the one we have today, it is difficult to stomach that a forwarder or shipper has to pay several times higher the value of the freight to get cargo to a safe port, or worse. Sadly, we are still facing insufficient protection in this area.

Date: 18 April 2017

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