



TAKE A LOAD OFF

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To weigh or not to weigh? That is the question currently under discussion throughout the container shipping industry.

Prompted by a series of high-profile incidents directly caused or worsened by mis-declared cargo weights, the World Shipping Council together with the International Chamber of Shipping in 2008 circulated best practice guidelines aimed at shippers, to highlight the risks associated with inaccurate container weight declarations.

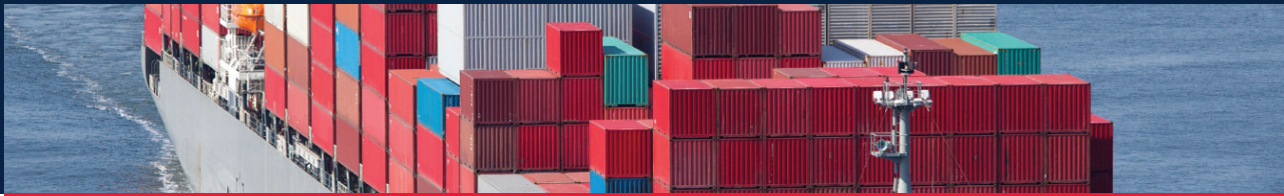
Four years on and the problem persists, with incidents ranging from the collapse of container stacks and the loss of containers overboard, to the freefall of a 28-tonne container which - having been declared as weighing only four tonnes - exceeded the crane's load limit, continuing to damage vessels, equipment and cargo while putting lives at risk.

"[The guidelines] have had little discernible effect on reducing the instances of shippers

providing incorrect container weights," lamented the WSC and ICS, with other stakeholders within the industry echoing their remarks. As it stands, shippers are required to declare the weight of each container in advance of arriving at the port of loading, but there is no requirement for these to be verified at any stage in the supply chain.

In response to the persistence of this problem and to address the lack of available information to indicate its scale and frequency, a group of leading ship operators including Maersk Line and MSC launched an online information exchange in September 2011, for the benefit of all those involved in the movement of containerised cargo.

CINSNET aims to gather, collate and exchange all information related to potentially dangerous containerised freight that poses a threat to lives or the environment. The project which has already won significant support from ship operators has also caught the interest of insurers and P&I Clubs. However positive a



step this may be, it does not obviate the underlying problem that shippers continue to mis-declare the weight of their containers with no system in place to expose any serious discrepancies before it is too late.

Numerous industry experts have voiced their concern at the prospect of a fatal incident and the liabilities and reputational damage this could cause when it becomes clear that the risk was predicted by stakeholders and regulators throughout the industry, but who nonetheless failed to take any appropriate preventative action.

The question of what might constitute such preventative action emerges as the first of many heads of contention within this increasingly prevalent issue, beyond the obvious dispute over who should foot the bill. The fragmented nature and global scale of the container shipping industry not only perpetuates the problem itself, but also presents a significant challenge to finding a solution that will redress the issue across the board.

Ship operators are keen to stress that those guilty of mis-declaring container weights tend generally to be infrequent shippers whose limited understanding of the potential consequences leads them to 'guesstimate' container weights rather than accurately estimate or weigh them, introducing a side to the problem which further invites issues of how best to police shippers on a coherent worldwide basis.

Further, and in the absence of legislative intervention, commentators fear that an industry-led initiative encouraging ports to

assume responsibility for verifying declared container weights could spell commercial suicide for port operators that choose to comply. Delays to the process of accepting cargo and loading it on to vessels and the inevitable transfer to shippers of the cost implications involved would surely divert business away to those that continue to turn a blind eye to the dangers of stowage plans compiled on the basis of unverified container weights.

Moreover, while large-scale ports may easily impose such requirements and absorb any of the upfront costs, smaller outfits may find it overly onerous.

Proposed solutions to this problem have been as forthcoming as they have been various; the one common denominator, however, is squarely in favour of port operators shouldering responsibility for verifying the container weights declared by shippers. The consensus ends there and the debate rages on, particularly in relation to two principle questions: (1) where in the supply chain should this take place and (2) what would happen to containers found to be over (or indeed under) their declared weight to an extent that would compromise the vessel's safety margins?

The feasibility of weighing the containers at the port of loading is divisive, with detractors arguing that the slowdown this would cause to the flow of commerce would be disproportionate to the seriousness of the problem, not to mention the financial imposition this could spell for port operators.

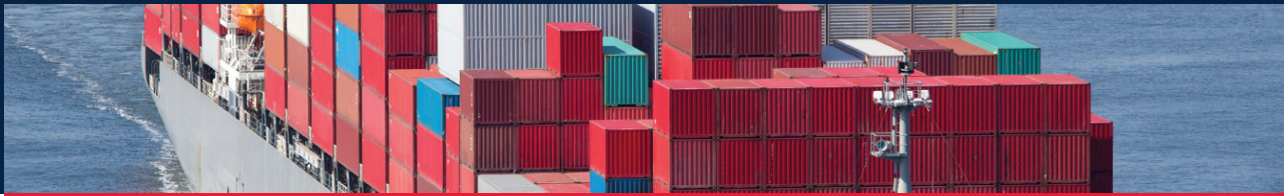
Moreover, many question how port operators would deal with containers that are found to significantly deviate from their declared weights; evidence from jurisdictions which already impose a requirement to weigh containers at the port of loading suggests that cargo will be loaded onto the vessel regardless, simply because it is too expensive and inefficient to send it back.

Proponents, however, counter that this line of argument does not constitute a sufficiently sound basis upon which to oppose a solution to a problem which the WSC and ICS cite as having plagued the shipping industry for years.

Some terminal managers have asserted that the start-up costs of implementing such a requirement would be minimal given that cranes and straddle carriers are already fitted with weighing equipment, and that verifying container weights in this way would not take any more time. All containers are weighed at ports in the US with no significant commercial impact due to slower processing time.

Alternative solutions which have generated some substantial support include the use of sensors within the containers themselves to gauge their own weight. This technology, argue its advocates, would not represent a significant leap from similar devices used to detect other internal container features (temperature, for example) and could be developed relatively cheaply (an initial start-up cost on the part of the ship operators notwithstanding).

A system that requires the presentation of a certificate issued



by an independent weighbridge facility en-route to the port of loading which assures the weight of each container would also obviate the issue of overweight containers arriving at the port of loading. This would also carry the same advantage of ensuring that the cost of compliance would be absorbed by the shippers themselves.

The arguments against verifying declared weights of cargo containers on arrival at the port of loading have been widely discredited by the industry as having little to no basis in reality, and as presenting little disadvantage relative to the obvious imperative of ensuring that containers are stacked safely onto vessels with weights distributed correctly.

In spite of the debate over how best to implement such a requirement, there is little compelling support in favour of continuing with current practices. The consensus among stakeholders is overwhelmingly behind a move towards container weight verification, with numerous practical solutions proposed which could prevent losses in the millions to all those involved in the shipment of containerised cargo.

For more information, please contact **Matthew Gore** (pictured right), Associate, on +44 (0)20 7264 8259 or matthew.gore@hfw.com, or your usual HFW contact.



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Lawyers for international commerce

HOLMAN FENWICK WILLAN LLP
Friary Court, 65 Crutched Friars
London EC3N 2AE
T: +44 (0)20 7264 8000
F: +44 (0)20 7264 8888

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