

Client Advisory

June 22, 2016

APM Terminals North America (APMTNA)

Terminal Process for Verified Gross Mass (VGM) Regulations

Update to our previous advisory

With July 1st quickly approaching, APMTNA continues to evaluate feedback from regulatory entities as well as our customers and the shipping community.

What has changed since our last advisory?

- 1) FMC Chairman Cordero and US Coast Guard comments now provide terminal operators in the USA the clarity that the common practices used at many terminal truck gates can be used for IMO/SOLAS regulatory purposes.
- 2) APMTNA has evaluated feedback to our previous announcements, including concerns regarding our previously proposed EDI Administration charge. Combined with recent regulatory clarity, APMTNA is adjusting our process and reducing the overall cost impact while safeguarding the flow of cargo from any disruptions caused by the implementation of the IMO/SOLAS regulations.
- 3) APMTNA operations **will provide a weight for exports** that arrive via our terminal truck gates and will certify that the weight is compliant with IMO/SOLAS regulations under the US Coast Guard's announcement of "equivalency".

Based on these recent developments, APMTNA:

- 1) **Will not** charge for EDI transmission or EDI administration as was previously communicated.
- 2) Can start accepting VGM via EDI from Ocean Carriers as of Friday June 24th.
- 3) **Will weigh, certify for IMO/SOLAS purposes, and transmit information via EDI** to the Ocean Carrier at a charge of \$10 per export (beginning July 1, 2016) for any containers that arrive at APMTNA truck gates without a VGM sent via EDI in advance of gate arrival.
- 4) Intermodal/Rail arrival – For containers arriving via any of our rail facilities:
 - a. USCG has stated to OCEMA that equivalency for VGM purposes applies via the Intermodal Safe Container Transportation Act. Ocean Carriers must either EDI or otherwise confirm that the weights provided for inland rail are compliant. APMTNA will adopt a pragmatic and practical approach to this requirement and will review further with individual Ocean Carriers.
 - b. In cases in which no VGM is received, the container will be placed on hold (ineligible to load due to no VGM) and a charge of \$65 (Mobile, Tacoma), \$85 (Los Angeles), or \$75 (Elizabeth) per instance will be incurred by the Ocean Carrier. **Terminal operators are unable to certify weights received from rail road companies as IMO/SOLAS compliant.**

- 5) As July 1st approaches, we will ensure minimal supply chain disruption by:
 - a. Truck Gate Traffic - apply gate scale weight as certified VGM for containers that have already arrived or will arrive via truck gates before July 1st, 2016.
 - b. Inland Rail Traffic - Ocean Carriers must send APMTNA the current messaging ("301") with a VGM weight updated in the VGM field (A6 qualifier) or VERMAS message, or otherwise confirm with APMT that there is a VGM in place for containers that have or will arrive before July 1st, 2016 in order for containers to be loaded to intended vessel.
 - c. Transshipments - Based on IMO notice of May 23, 2016, transshipments which commenced transit prior to July 1st will not need to have a VGM provided and will not be held up to load the intended connecting vessel.
- 6) Although APMTNA currently provides a weight to Ocean Carriers:
 - a. IMO/SOLAS Regulations still require Shippers to certify the VGM.
 - b. APMTNA will affirmatively state the weight provided via our truck scales is compliant with the SOLAS Regulations, assuming the associated risks and liability, to ensure that containers will not be held back from loading to a vessel due to no VGM and reduce additional handling due to no VGM.

As per our previous advisories:

- a. APMTNA will not load a container without a VGM to a vessel that is sailing on or after July 1, 2016.
- b. If receiving and paying for a VGM weight is not desired, Ocean Carriers and shippers are encouraged to either send a VGM in advance of gate-in or to not send the container to the terminal to be in-gated.
- c. Regardless of above, all rail and transshipment containers must have VGM updated in our TOS by 10:00 am (Los Angeles/Elizabeth), 4:00 pm (Mobile), or time of vessel cutoff (Tacoma) of the day of vessel cutoff in order to be eligible to load to the vessel.
- d. For any additional EDI support, including specifics related to required messaging elements, please contact Mr. Mauricio Telles at edicoe@apmterminals.com.

APMTNA will continue to evaluate all policies and procedures, reserving the right to change them as required. Such changes will be advised with as much notice as possible.

APM Terminals looks forward to working with our customers and the shipping community to implement VGM IMO/SOLAS regulations as efficiently as possible.

Best Regards,

APM Terminals North America