

Israel Chamber of Shipping, Ports, Manufacturers Association, Israeli Federation of International Freight Forwarders and Customs Clearing agents, , Federation of Israel Chambers of Commerce, Truckers' Council, Israel Railways And Its Contractors, Israeli Ports Community System, Inland Terminals.

MAY^{25th} 2016.

Implementation of the SOLAS-IMO Amendment in Israel

Container Weight Verification Requirements

In November 2014, the International Maritime Organization ("IMO") adopted mandatory amendments to the International Convention for the Safety of Life at Sea ("SOLAS") Chapter VI, Part A, Regulation 2 - Cargo information. An IMO Circular MSC.1/Circ. 1475 issued in June 4th 2014 provides guidance on the implementation of these **"SOLAS amendments, which deals with the weight verification of packed containers delivered to sea carriers for international voyages,** that become globally applicable and effective on 1st July 2016.

Following the November 18th 2015 letter of the Israeli Ministry of Transport ("IMOT"), and subject to the Israeli Ports Regulations (20a) of 1982, which instructs the ports not to load a packed container onto a ship, unless its weight has been verified by means of a certified weighbridge, and its outcome has been communicated to the ship's captain before loading.

The Israel Chamber of Shipping identified the need to streamline the related processes to carry out the subject in question with all the stakeholders who are involved in the Israeli foreign export trading. This, in order to properly implement the SOLAS amendment, by determining the process to be adopted by all the said Israeli stakeholders and interests. The chamber took upon itself the initiative to clarify and consolidate the necessary activities by adjusting the SOLAS amendment guidelines to Israel.

This document is an agreed version of guidelines adopted by all stakeholders: Chamber of Shipping, Ports, Manufacturers Association, Chamber of Commerce, Freight Forwarders and Customs Brokers Association, Israel Railways and its Contractors, Truckers' Council, Israeli Ports Community System, and Inland Terminals.

Worth mentioning is the fact that the Israeli policy did everything possible to enable all stakeholders to adhere to the SOLAS amendment without compromising a tiny amount on the amendment's substance. This policy was achieved thanks to IMOT strong involvement and the various tasks the ports, railways and inland terminals took upon themselves.

IMO circular and IMOT letter based on the 1982 Ports' Regulations, which are mentioned above are attached to this document.

Introduction:

In accordance with the SOLAS amendment , a packed container should not be loaded onto a ship unless the master or his representative and the terminal representative have obtained,

sufficiently in advance of the vessel loading, the verified gross mass (VGM) of the container. It has to be clear to all involved that the main target of the SOLAS amendment is to validate and share the actual verified gross weight of the packed container with all the supply chain partners, in order to ensure the safety of the marine journey. Israeli law has for many years already in its ports' regulations (safety at sea) 1982, regulation 20a, required the adequate weighing of the container and the passing of this information to the captain before loading, as a condition for the loading of the container aboard ship.

Weight and Verification guidance:

WHAT ARE THE VGM REQUIREMENTS?

The verified gross mass shall be obtained by the shipper or the terminal, or the railway, or the inland terminals, by using one of two methods:

Method 1: Weighing the Packed Container by the shipper or his nominated entity, or the terminal, or the railway, or the inland terminals.

Method 2: Weigh all the packages and cargo items including any other container contents and then adding the tare mass of the container. The tare mass is the number indicated on the container.

For both methods:

The VGM should be obtained using calibrated and certified equipment that meets the standards and requirements of the State. The Shipper, the Ports, the Inland Terminals and the Railways are committed and responsible for using the proper equipment when providing the VGM to the terminal and the carrier. The shipper must put his formal identification details attached to his weighing, or to his instructions to a third party performing the weighing on the shipper's behalf. These will be supplied in the storage message as is customary today.

WHO IS RESPONSIBLE FOR PROVIDING THE VGM?

There are two ways to provide the VGM:

1) By the shipper.

Fills out a self weighing annual formal declaration form stipulating the weighing equipment details which is used to provide the VGM, including formal state approvals on its calibration and standards. The shipper will be identified by his company registered number as stipulated today. This procedure vis-a-vis the port confirms that the weighing data sent by the shipper is a VGM data. The form should be sent to the port and the customs broker.

2) By the ports, railways and inland terminals. The VGM obtained from the weighing (serving as the VGM used for stowage and loading) should be sent to the customs broker and ship agent, by the CODECO and the COAPRI forms respectively, who will determine whether to correct their original loading declarations forms according to the VGM. This decision is solely the shipper's responsibility and risk. Both forms will indicate the weighing origin (port, railway or inland terminal).

In case two different VGMs will be obtained, by the shipper and by other means, the number provided by the port, railway or inland terminal, will serve as the binding number for the loading plan. If, according to the terminal, there will be an irregular difference, the port will approach the customs broker for clarification.

WHO IS THE SHIPPER?

As per the SOLAS amendment , 'Shipper' means a legal entity or a person named on the bill of lading, or on an equivalent transport documentation, where the shipper or someone on his behalf signed a contract of carriage with a shipping company.

WHEN SHOULD THE VGM BE DECLARED?

The shipper must ensure the VGM is communicated in the shipping documents sufficiently in advance to be used by the ship's master or his representative and the terminal representative in the preparation of the ship stowage plan.

Cut-off time for the provision by the shipper of the verified weight of the packed container will be governed by the requirements of the relevant ports/terminals, preferably with the cooperation of the carriers. At present, the ports agreed to use the same cut-off times as they prevail today, namely as the “closing date”.

CONSEQUENCES OF NOT DECLARING THE VGM AND ASSOCIATED INFORMATION

One should remember that the SOLAS amendment has an international legal status and is in force in all the countries which adopted it. This prevails automatically in all the ships registered in these countries. There are close to 170 such countries, where each one of them has legislative procedures pertaining to its national maritime sector.

Various weighing and verification processes in the ports and Railway stations:

Israeli ports will weigh all the containers (on trucks) during the gate-in process with certified weighing equipment in order to validate the actual weight during gate-in by trucks. This ensures automatically compliance with the requirements of the Israeli law and fulfilment of the SOLAS requirements, since according to the state’s legislation, the ports, which constitute the interface with ships, and serve as the last operational point in

the export process, are responsible to load packed containers only if their weight have been verified as per the VGM requirement.

The regulator, responsible for ports' tariffs, recognized the justification of imposing a regulated tariff for the weighing.

According to Israeli law, weighing in the ports may substitute the shipper's VGM, as long as it is being executed as required by the amendment. The ports' weighing will serve as the VGM used for loading/stowage purposes.

As mentioned above, if the shipper chooses to provide the VGM by himself, the ports weighing will serve as a "double check" to identify discrepancies. This complies with the Ministry's clear guidelines. As a side remark, it should be remembered that most of today's loading declarations by the shippers, contain the weight of the cargo, while the ports, railway and inland terminals contain also the tare weight of the container.

As mentioned above, if the shipper chooses to provide his own VGM, he does not have to pay the weighing charge. The shipper should however remember to strictly comply with all the various requirements pertaining to the VGM submission details.

Similar to the ports, the RAILWAYS also agreed to weigh the containers and provide the VGM to the terminal. They will do so prior to loading the containers on board the train wagons. Containers which are accepted by the train at the inland terminals, will be provided with the proper VGM by these inland

terminals. In both cases the VGM will be communicated to the terminal.

The Israeli Ports Community system organization, responsible to convert manual documentation processes in the maritime community into electronic processes, will communicate and guide the software companies in order to integrate them into the VGM process.

Complementary remarks:

In case the actual container weight exceeds the maximum gross weight (cargo and tare mass) the container will be refused entrance to the terminal. No exceptions from this policy will be made.

Remark: the maximum permissible weight for containerization appears on the identification plate of the

container, subject to the container safety convention of 1972.

When weighing the container with the truck, the official registered weight of the truck and trailer must of-course be subtracted before determining the VGM. This is stipulated in the SOLAS amendment. Various trucks, for various reasons, may have changed their weight during their usage without having recorded this change in any document. Rough examination indicated a variance of up to +/- 300 kg. In any case, the official registered number includes a full fuel tank.

As emphasized along all the meetings, implementing SOLAS amendment guidelines in Israel is a result of a mutual and unanimous agreement of all stakeholders named in the heading of this document; however, Israeli law always prevails in case of any discrepancy with these guidelines.

Pilot:

In view of the anticipated vague readiness of all parties to meet the new process requirements we are planning to initiate a pilot stage starting May, 22nd.

The pilot will assist to identify grey areas, missing guidance and any other issues that may arise during the pilot period and will allow sufficient time to test the process and to apply required corrective measures in each one of the sectors involved.