

## SOLAS: New Regulations

### What is SOLAS?

The International Convention for the Safety of Life at Sea (SOLAS) is a maritime safety treaty from the International Maritime Organization (IMO) of the United Nations. In 2015, the IMO issued guidelines regarding verified weight of all containers shipped at sea.

### Why were these requirements created?

Declaration of shipping weights has been required for a long time. Verification of shipping weights has not. Verification is now mandatory because mis-declared weights have caused unsafe conditions at sea for vessels and crew.

### When is the enforcement date?

The new SOLAS requirements go into effect on July 1, 2016. At this time, ocean carriers will only be allowed to load a container on a ship

after receipt of its verified gross mass (VGM). Effectively 99% of all global shipping volume will be subject to this new SOLAS regulation.

### Implications to Your Company

SOLAS amendments spell out clearly that it is the shipper's responsibility to provide the VGM to carriers in advance to be used for preparing stowage plans.

When a shipper uses a third party for obtaining VGM, the shipper is still the responsible party, and if a missing VGM causes a container to miss a vessel the shipper will remain responsible for any associated costs.

Source: Journal of Commerce, BridgeNet Solutions, May 2016



## SOLAS Compliance

Compliance with SOLAS, the new container weight verification rule is beginning to solidify around two key points. What is the carrier cut off time for submission of the verified gross mass, and will boxes without VGM be turned away at the gate? Carriers are unable to issue a standard, global cut-off time at all ports because every terminal in the world has a different set of requirements that carriers must operate around.

Many shippers seem to be waiting for 100% clarity, but delaying preparedness will certainly backfire. With less than two months to go and disparate messages being delivered by governments and enforcement agencies, only one thing is certain: Carriers cannot load a container without a VGM declaration from the shipper.

While many questions still remain, it would be to our benefit to prepare internally and develop standard operating procedures with our forwarders to ensure there is no disruption beginning July 1.

## How to Determine VGM

### Method 1

Weight the whole container after it has been packed. This can be Your Company by weighing the truck and container at a certified weighbridge and subtracting truck and chassis weight.

### Method 2

Weighing all the cargo and contents of the container individually, and adding those weights to the containers' tare weight. Factor in additional loading equipment if any.

### Who can provide weighing services?

The shipper can do the weighing themselves or engage a third party certified for such service. Any equipment used must meet applicable accuracy standards of the country in which the equipment is used.

Source: Journal of Commerce, BridgeNet Solutions, March 2016

---

No matter what country a ship is departing from, container carriers cannot load a container for which it has not receive a verified gross mass declaration from the shipper.

---



## Driver Coercion Rule

We would like to bring to your attention the recent passing of a new regulation from the US Department of Transportation Federal Motor Carrier Safety Administration (FMCSA). On January 29, 2016 the Coercion Rule was officially finalized and published in the Federal Register as a final rule. The ruling is defined as:

*To help further safeguard commercial truck and bus drivers from being compelled to violate federal safety regulations. The Rule provides FMCSA with the authority to take enforcement action not only against motor carriers, but also against shippers, receivers, and transportation intermediaries.*

Coercion as defined by the FMCSA includes any time a motor carrier, shipper, receiver, freight-forwarder, or broker demands that a schedule be met, one that the driver says would be impossible without violating hours of service restrictions or other safety regulations, that is coercion", said FMCSA Administrator Scott Darling.

"No commercial driver should ever feel compelled to bypass important federal safety regulations and potentially endanger the lives of all travelers on the road." Examples from FMCSA regulation drivers of coercion include hours of service limitations (that are designed to prevent fatigued driving), the transportation of hazardous materials, or being asked to violate a driver's CDL requirements.

### What does this mean for Your Company?

This could potentially mean that a driver who is picking up product from one of your facilities (or a 3rd party's facility) and feels that he/she is being coerced, (i.e. being asked to delay departure regardless of drivers available hours) they are now able to file a complaint with the FMCSA,.. Your Company could then be subject to a \$16,000 fine for each offense, as well as having your company name attached to an incident that we would otherwise like to avoid.

Source: HDT Truckinginfo.com, Jan 13, 2016

## Additional Reading on the Driver Coercion Rule

For more information, see these websites:

FMCSA Definition of Coercion

<https://www.fmcsa.dot.gov/safety/coercion>

FMCSA's Final Rule Prohibits Coercion, Protects Commercial Truck and Bus Drivers From Being Forced to Violate Safety Regulations

<https://www.fmcsa.dot.gov/newsroom/final-rule-prohibits-coercion-protects-commercial-truck-and-bus-drivers-being>



## Truck Capacity Crunch?

Warnings that capacity is tightening are reminiscent of the tale of the “Boy Who Cried Wolf”. Industry forecasts of an eventual “capacity crunch” that would leave freight stranded and cause shipping costs to skyrocket have lost their urgency (*and some credibility*), when a weaker than expected economy and higher than expected inventories in 2015 helped produce excess trucking capacity for the first time since the recession in 2008 and 2009. But there are still reasons why shippers should be concerned.

- Truckload capacity is still close to 10 percent below its pre-recession peak, aging fleets are not being replaced.
- If the pace of economic growth picks up, excess capacity will be quickly absorbed.
- Regulatory oversight along with an aging

driver population is shrinking the availability of qualified, experienced drivers.

- Invasion into driver health (hair follicle testing) is further reducing the pool of available drivers as more drivers fail drug testing regulations.
- The electronic logging device (ELD) mandate goes into effect in November 2017. It is expected that drivers will continue to leave the industry seeking less intrusive occupations.

### How does this Impact Your Company?

Not being able to get trucks when you need them can be a problem for most shippers. As much of Your Company’s business is seasonal, surge capacity can be difficult to come by. You need to become a “Shipper of Choice.” How? Follow the guidelines below.

## How Your Company Can Become a Shipper of Choice

### Expedite the movement of cargo and equipment.

- Load and unload freight except where drivers are trained to handle specific equipment or cargo, when the shipper/receiver had made prearranged alternative arrangements with the carrier, or in the delivery of express packages and LTL freight.
- Maintain reasonable hours for loading and unloading according to volume of shipments.
- Promptly load/unload trucks that arrive within the scheduled time. Accommodate or reschedule pickups/deliveries when unforeseeable events intervene. Make reasonable effort to be flexible in loading/unloading trucks that arrive early or late or without an appointment.

## How Your Company Can Become a Shipper of Choice (cont.)

- Allow drivers to clean trailers and discard packaging material that was part of the load delivered, as long as disposal facilities are available.
- If dock space is temporarily unavailable, make arrangements to contact drivers when a space becomes available, without making the driver remain physically in a queue.
- If drop and hook are involved, make reasonable arrangements for a trailer to be available for pickup.
- Tender the cargo with all necessary information and provide accurate and complete paperwork in a timely manner.

### **Assure safe practices are followed.**

- Establish reasonable transit times based on compliance with government regulations.
- If available provide a safe harbor for drivers who cannot legally drive to another location.
- Comply with legal limits of size and weight...equipment will not knowingly be overloaded.
- Provide placards in conformance with hazardous materials transportation regulations.
- Keep docks, parking lots and unloading facilities clear in order to prevent delays and injuries. Respect the driver's requirement to follow safety practices and procedures.

### **Foster honesty, fairness and openness in their dealing with drivers and carriers.**

- Openly accept or provide a mechanism for honest and candid feedback.
- Establish and visibly post operating requirements of the shipping/receiving area that are consistent with current laws and outline the responsibility of the carrier.
- Treat drivers with courtesy and respect. Provide drivers access to safe, clean and well-lit restrooms, water, and other comfort facilities where available.

## Van Rates Climb on High Volume Lanes



National Spot Rates: Van, Flatbed, Reefer

## Fuel Surcharge Plays a Role

### May 22- 28

Van rates recovered 1¢ per mile last week, due to big rate increases on the highest-volume lanes. Flatbeds also added 1¢, but reefer rates were unchanged as a national average. The fuel surcharge also played a role, as diesel prices continue to climb

The chart above depicts national average spot market rates, including fuel surcharges, for the past four weeks. Rates are derived from DAT RateView.

## Industry Trends

	Week of May 22-28 vs. May 15-21	Month of May 2016 vs. May 2015
Spot Market Leads	+8.5%	+4.0%
Spot Market Capacity	-0.1%	+3.8%
Van Load-to-Truck	+16.0%	+18.0%
Spot Van Rates	+0.7%	+3.4%
Flatbed Load-to-Truck	-7.6%	-22%
Spot Flatbed Rates	+0.5%	+1.1%
Reefer Load-to-Truck	+25.0%	+23.0%
Spot Reefer Rates	0.0%	+5.6%
Fuel Prices	2.6%	+7.6%

Source: DATS Trendlines

## What else is happening in the industry?

### NASSTRAC Recap

Get an full recap of the top presentations at NASSTRAC's recent conference in this conversation between SCDigest Editor Dan Gilmore and TranzAct's Co-Founder Mike Regan.

<http://www.scdigest.com/newsviews/16-05-02-2.php?cid=10630>

### Was there a blip in capacity?

Find out what we learned about capacity from Road Check America.

<https://www.youtube.com/watch?v=FxIMMIo4HiQ>

### For more information

Visit the Resources Page at [tranzact.com](http://tranzact.com).

<http://www.tranzact.com/resources>



Logistics Management Solutions

Partnering with Shippers for over 30 years  
Privately Held - Women's Business Enterprise  
Elmhurst, IL - [www.tranzact.com](http://www.tranzact.com)  
(630) 833-0890 - [solutions@tranzact.com](mailto:solutions@tranzact.com)