

# **Standard Operating Procedure (SOP) on Import Empty Containers Returning to Container Depots formulated by the Stake holders in agreement after discussions**

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## **INTRODUCTION**

It was identified that the Import Empty containers returning process have no proper guidelines and controls and this has resulted in many containers untraceable, dumped in unauthorized places, resulting in accumulating Liner demurrage charges and disputes with involved parties. Furthermore, some Consignees use these empty containers to store their cargo without authorization from container Owners / Shipping Line / NVOCC. This has resulted in accumulating demurrage charges where shipping Lines and NVOCC operators are not able to recover their Empty Containers and also accumulated charges which has caused a negative image on the Sri Lanka Maritime and Supply chain procedures.

## **STAKE HOLDERS INVOLVED INVOLVED IN FORMULATING THE SOP**

SLPA - Regulator

DGMS - Regulator

Customs - Regulator

Shipping Lines - Container Operator / Owners /Forwarders

NVOCC Operators - Container Operators / Owners

Shipper / Consignee – Cargo owner – used service from shipping Line / NVOCC / CHA / Transporters

Container Depots – Storing of Containers – Service Provider to Shipping Lines / NVOCC

Terminals – Accepting Import return empty containers - Service Provider to Shipping Lines / NOVCC

Customs House Agents (CHA) – Wharf representatives – Clearing cargo on behalf of Consignees – Cargo Owners

Transporters – Appointed by the CHA for transporting Empty containers – Service Provider to Consignees.

## **SCOPE**

This matter was explained at the Special Committee meeting chaired by SLPA Chairman on 29<sup>th</sup> May 2020 at the SLPA Chairman's office and as proposed and agreed at the meeting by all stakeholders in order to prepare a proposal to enhance the process (SOP) with controls for Empty Containers returning to designated Depots or Terminals by Consignee using CHA and Transporters and established proper process on empty containers returning to Depots/Terminals.

## **TIMELY ACTION**

A meeting was scheduled at CASA Secretariat on 02<sup>nd</sup> June 2020, at 2.30 pm and 10<sup>th</sup> June 2020 4.30 pm with all concerned Stakeholders to seek the best operating process by providing solutions to the issues faced by all the Stake holders involved. Following participants from the Trade Associations attended, discussed and agreed upon by all parties concerned to adopt the best practices and SOP covering all the Stakeholders involved.

## **PARTICIPANTS REPRESENTING THE STAKE HOLDERS**

1. Iqram Cuttilan : CASA – Chairman
2. Ralf Anandappa : CASA – General Secretary
3. Shehara Jayawardena : CASA – Exco member
4. Shamal Perera : SLAVO – Chairman
5. Arjuna Hettiarachchi : SLAVO – Exco member
6. Harsha De Silva : SLANA – Chairman
7. Inam Caffoor : CEYFA – Secretary
8. Mario Fonseka : CEYFA – Chairman
9. Mohamad Mushin : ACDO – Gen Secretary
10. Rohitha Jayathilake : ACDO – Exco member
11. Prasad Katulanda : ACDO – Exco member
12. Uvaiz Samsudeen : ACFA – General Secretary
13. Nalin Dharmapriya : ACFA – Vice President
14. Sanath Manjula : ULCTOA – President
15. Channaka De Alwis : ACT – Vice President (Association of Container Transport)
16. Roshan Manikwaduge: ACT – Treasurer

## **ABBREVIATIONS**

DGMS	– Director General Merchant Shipping
CASA	– Ceylon Association of Shipping Agents
SLAVO	– Sri Lanka Association of Vessel operators
SLANA	– Sri Lanka Association of Non-Vessel operators
CEYFA	– Ceylon Freight Forwarders Association
ACFA	– Association of Clearing & Forwarding Agents
ACDO	– Association of Container depot operators
ACT	– Association of Container Transport
ULCTOA	– United Lanka Container Transport Owner Association

The following points have been discussed and agreed to adhere, after proposing to the Special committee and confirmation from all Stake holders concerned.

### **SHIPPING LINES / NVOCC AGENTS**

- 1) Registered with DGMS and having a valid License.
- 2) Contractual obligation only with Shipper and Consignee on Lines empty containers return as per B/L Clause.
- 3) Select DGMS Approved Container Depots for handling /storing Lines/NVO Containers
- 4) Enhance E-platform process by eliminating hard copies of documents.
- 5) Returning Imports Empty Containers directly to Terminals, basis agreed TSA with respective Shipping Line and Terminal.
- 6) Empty Containers should not be released to shippers from Terminals on export leg.
- 7) DGMS to recommend all shipping and NVOCC agents to apply for CASA, CEYFA or SLANA membership for better coordination and dissemination of information / decisions of regulatory bodies and Stakeholders.

### **CONTAINER DEPOTS / TERMINALS**

- 1) Depot should have a minimum Standard criterion to operate as a Container Depot as per Standards specified by the DGMS. (Standard Depot criteria attached).
- 2) **All the Depots should register with DGMS to obtain the Annual License.**
- 3) DGMS should arrange Inspectors to visit Depots prior to renewing the Annual License.
- 4) Depots must adhere to standard practices including accepting Lines containers only with an authorization from Shipping Line/ NVOCC.
- 5) Invite Depots still not registered with DGMS to obtain the License after a grace period of three months and also upgrading their Depots to a specified standard by the DGMS.
- 6) Depots should retain the empty container on a Lorry / Trailer for a **maximum of 2 hrs only** and must release the Lorry / Trailer as soon as possible and minimize delays.
- 7) Depots must check the DO / Container validity prior to accepting the Import empty container to the depot.
- 8) Depots should accept payment from CHA or Lorry Drivers for Import Containers returned without validity at the Depot yard, with approval and process instructed by respective Shipping Lines. (This is to avoid containers idling on the Lorry until payment is done to Shipping Line).
- 9) Depots should issue an acknowledgement to the lorry driver once Container is de-mounted to the Depot within an acceptable time frame. (Maximum 1hr).
- 10) DGMS to recommend all Depots to Join ACDO for better two-way communications with DGMS and other Stake holders and share important decisions made at similar stakeholder's meetings to all Depot operators.
- 11) Depots should provide Depot Managers and working staff contact mobile numbers and display on a Notice board for the convenience of Depot users.

## **TRANSPORTERS**

- 1) Transporters should register with DGMS to obtain weight certificate for export cargo and also with SLPA on current practice in order to obtain Port entry permits for vehicles and drivers.
- 2) Transporters should maintain Vehicle fleet as per guidelines from RMV / Police and Government regulations transporting Shipping Line/NVOCC Containers.
- 3) Transporters should ensure to take Containers to correct Depots authorized & marked by Shipping Lines on D/O or FCL Form.**
- 4) Transporters should ensure not to de-mount Import Empty return containers in different places which is not authorized by DGMS as Container storing Depot.
- 5) Transporters should inform DGMS, ACDO, CASA, SLAVO or ACFA for any concerns of stakeholders (Depots) resulting regular service interruptions.
- 6) SLPA should issue Port permits to vehicles only to those registered with ACT or ULCTOA or similar association accepted by DGMS, and on recommendations letter as it encourages all Transporters to join one of the Association which will help to share the messages of SLPA or any decisions made at the Stakeholder's meetings.

## **CUSTOMS HOUSE AGENTS**

- 1) Customs House Agents (CHA) or Wharf representatives should have a valid CH pass issued by the Sri Lanka Customs.
- 2) CHA to adhere to procedures implemented and ensure Shipping Lines Empty containers are returned to the specified Depot marked on E-DO or FCL Form which is the ultimate requirement of the consignee.
- 3) CHA should validate the E-DO in case it is expired prior to taking the Empty container to the nominated Depot. This will save time and reduce the empty container and lorry idling time at Depot.
- 4) CHA should work closely with Transporters to ensure that the empty containers are returned to the nominated Depot and follow up with shipping Lines in case of any difficulty or abnormal situation where the Empty containers cannot be demounted and Lorry is held back at the nominated Depot.**
- 5) Recommend all CHA to be member of ACFA for better coordination and dissemination of information / decisions of regulatory bodies and Stakeholders. (Customs may recommend the CHA's to join ACFA).

## **REGULATORY AUTHORITIES ACTIONS**

- 1) DGMS should take action on Shipping Lines/NVOCC and Container Depots in case the SOP is not followed and adhered.
- 2) SLPA should take action through Harbour Police in case of a fraud or misconduct of any Port users and not following agreed SOP.
- 3) Customs should take action in case of misconduct by CHA on their scope of work.
- 4) SLPA and Harbour Police should take action against Transporters if in case Empty containers are dumped in other yards without approval from CHA or Consignee.
- 5) If a CHA/ Transporter after proper inquiry is found guilty of not returning empty containers to the nominated yard, the shipping agent/ NVOCC operator can bring it to the notice of DGMS/ SLPA who may take action within their powers to blacklist/ suspend permits/ license of the organization.

- 6) If a Consignee had not returned the empty container as per contractual agreement to the Line, the shipping agent/ NVOCC operator may blacklist the party and take action under breach of contract.