

May 5, 2000

**NOTICE TO THE TRADE**

**CHANGE IN VESSEL LOADING OBSERVATION  
REQUIREMENTS and PROCEDURES**

Effective May 6, 2000, the requirements and procedures for Vessel Loading Observation (VLO) will change. The steamship company will be required to arrange for a VLO certificate to be issued for all commodities shipped under the PL 480 Title II and Title III, Food For Progress, and Section 416(b) programs. This procedure shall apply to all vessels and barges scheduled to begin loading on or after May 6, 2000, and all containers that are scheduled to be stuffed at intermodal bridgeports on or after May 6, 2000. This procedure does not apply where the commodities are booked to be delivered f.o.b at the commodity suppliers plant, and ocean going containers are stuffed and sealed by the commodity supplier.

The products are packaged in bags, corrugated boxes, pails and/or drums, and may be shipped breakbulk or palletized into barges, containers, breakbulk and bulk-style vessels. The exceptions are: all cargoes loaded in bulk, bagged whole grains, all meat, processed vegetables, and fruits.

As soon as possible, but no later than 24 hours prior to vessel arrival at the port or arrival of containers at the intermodal bridgeport, the steamship company shall notify the VLO contractor to arrange for the VLO. The notification shall include the following information:

1. The time and place of service and a local contact (individual(s) at the loading location to address any deficiencies found during loading).
2. Commodity program identifier (PL480 Title II or III, Food For Progress, or Section 416b).
3. Commodity name and CCC Notice to Deliver number.
4. Quantity (in net metric tons or number of containers as applicable).

If, after proper notification, the VLO contractor fails to arrive at the designated port or bridgeport prepared to provide the VLO service, contact the Kansas City Commodity Office at 816-926-6552.

The following company is the approved VLO contractor for the United States:

SGS Control Services, Inc.  
P.O. Box 13484  
1019 Harbor Avenue  
Memphis, Tennessee 38113

Contacts: Bill Lyons or Harriel Teague

Telephones: 901-775-1660 (Main)  
901-775-1766  
901-775-1667  
901-775-1767

FAX: 901-775-3308 (Main)  
901-775-3616  
901-946-3309

E-MAIL: [bill\\_lyons@sgsgroup.com](mailto:bill_lyons@sgsgroup.com) or  
[harriel\\_teague@sgsgroup.com](mailto:harriel_teague@sgsgroup.com)

In accordance with applicable laws, steamship companies must load only clean, undamaged packaged commodities and execute an ocean bill of lading accurately reflecting the number of units loaded. The ocean bill of lading will reflect the quantity difference, if any, between the number of units received at the port in good condition as noted on Form KC-366, Shipment Information Log, and any damage occurring while the cargo was in an f.a.s. position or during vessel loading. Within 24 hours of the completion of loading, the VLO contractor is required to provide a copy of the VLO certificate, signed by the vessel owner's representative, to the responsible freight forwarder, to ensure the VLO damages/losses are reflected in the onboard OBL.

The steamship line must not load bags or shipping containers deemed damaged beyond repair into any vessel hold, barge, or container. Repairing damaged bags or shipping containers is allowed in accordance with the following package-specific requirements:

1. Commodities Packaged in Multi-wall Paper Bags - Bags with all layers punctured and contents leaking or exposed are to be considered damaged beyond repair and must not be loaded. Bags with torn outer layers, but with inner liners intact, may be loaded provided they are repaired by taping. The tape must be brown in color.
2. Commodities Packaged in Textile Bags - Bags with significant punctures, permitting the commodity to flow out of the bags, must be repaired by sewing, stitching, or similarly secure means preventing further spillage. Punctured bags may also be over-slipped with sound, clean textile bags, without sewing. The commodity cannot be swept up and repackaged. Bags with rodent excrement or bird droppings are considered to be damaged beyond repair and must not be loaded.

3. Vegetable Oil Packaged in 6/4-Liter, 20-Liter, and 208-Liter Capacity Containers - Leaking vegetable oil containers and heavily stained, corrugated fiberboard shipping containers must not be loaded. Steamship lines have the following options:
- a. Leaking 20-liter and 208-liter capacity containers must be:
    - replaced with clean, sound containers with original markings provided by the vegetable oil supplier, or
    - not loaded.
  - b. Options for handling heavily stained shipping containers are as follows:
    - The shipping container and its contents must be replaced with original markings, provided by the vegetable oil supplier, or the stained shipping containers may be opened and the sound, undamaged primary containers removed and repackaged into clean, sound regular-slotted corrugated fiberboard shipping containers sealed with tape or glue, or
    - not loaded.
  - c. Any commodities not loaded must be destroyed (if unfit for human consumption), or disposed of for the account of the steamship company in accordance with applicable health and sanitation laws and regulations.

The steamship company shall take the necessary action to prevent the appearance in commercial or other channels, of containers and container materials bearing US Government markings. The following actions with respect to all inner and outer containers and container materials will constitute compliance with this requirement:

- complete obliteration of all markings with permanent opaque paint, or removal of labels which bear such markings, and overlaying or replacing markings so obliterated or removed with commercial labeling; or
- placing a transparent pressure-sensitive sticker on all containers and container materials bearing USDA markings, which state in lettering of a prominent size "Salvage By (insert firm's name)" direct on the "NOT TO BE SOLD OR EXCHANGED" legend, wherever it appears on the containers and container materials; or
- drawing one or more X's completely through the markings and with a permanent stamp conspicuously placing thereon the following legend: "This container has not been used and shall not be used for shipment of Government commodities."; or

- any other actions, approved by the CCC contracting officer, which accomplish the intent of the foregoing.

**When packages are not loaded, the bill of lading must be amended to reflect same.**

The steamship company must provide as much assistance as necessary to expedite the VLOs and should take such corrective actions as necessary to rectify any noted deficiencies. Steamship companies must designate, and make readily available to the VLO contractor, an individual(s) at the loading location to ensure that the steamship company is made aware of, and able to address, any deficiencies or detrimental loading conditions noted by the observer during vessel loading. The steamship company's representative must sign the VLO Application/Worksheet, and include applicable Notice to Deliver numbers or Export Request numbers as shown on Form CCC 512, Notice of Commodity Availability.

Failure of the steamship company to correct deficiencies will be noted by the observer on the VLO certificate. Such deficiencies will include but are not limited to:

1. Loading of damaged packaged commodities.
2. Spilled commodity not removed from the stowage.
3. Bags/commodities loaded during rain or left exposed to rain before hatch covers are closed.
4. Debris such as wood, drinking cups, and food wrappers left in the stowage.
5. Any other detrimental or unsanitary conditions which, when pointed out to the steamship line's designated representative(s), were not corrected in a satisfactory manner. Examples of detrimental or unsanitary conditions include: bags soiled with hydraulic fluid, paint, grease, rodent excrement, and excessive dirt.
6. The observer will also perform the following tasks as part of the VLO:
  - a. Conduct a daily inspection of the vessel holds prior to loading to ensure that the packages/commodities are in good condition, and no damaged packages/commodities have been loaded.
  - b. Conduct a cursory review of the port warehouse(s) and surrounding area to ensure stored packaged commodities are in good condition.
  - c. Promptly report to the steamship line's designated representative and the Kansas City Commodity Office (816-926-6552) any situation that is considered to be actionable under the Food and Drug Administration.

- d. Ensure that the steamship line handles the commodities not loaded in accordance with the requirements of this Notice, including the appropriate obliteration of the Government markings.

Please direct questions concerning this Notice or VLO procedures to the Kansas City Commodity Office at (816) 926-6552.

Steven P. Miteff  
Deputy Director,  
Kansas City Commodity Office