

China issues NVO freight filing guidelines 10/11/2010

The Shanghai Shipping Exchange on Friday issued notice of guidelines for non-vessel-operating common carrier freight filings.

The Washington law firm Rodriguez O'Donnell said in an "urgent notice" to clients that the exchange provided an authorization format to allow non-Chinese NVOs the ability to name Chinese agents for filing purposes.

China's Ministry of Transport on Sept. 19 launched NVO freight filing rules that took effect Oct. 1, with a 60-day grace period.

Pursuant to the new guidelines, a foreign NVO can either file freight by itself or authorize its agent to file freight with Shanghai Shipping Exchange.

Pursuant to the rules, an NVO must charge "normal and reasonable" freight rates, and any cargo soliciting non-compensatory rates (zero or negative spread from the buying rate) is prohibited.

Rodriguez O'Donnell said in its September newsletter that means to qualify as "normal and reasonable" must be higher than the negotiated rates concluded with liner companies.

If an NVO fails to follow the filing formalities or apply the freight rates as filed, the law firm said the China ministry will require the NVO to rectify violations, and could impose fines of about \$3,000 to \$15,000, and "conduct a cumbersome and detailed investigation and penalties may be imposed."

