



**CIRCULAR 008/2017: SENASA NEW RESOLUTION
FOR INSPECTION OF HOLDS AND TANKS**

As it is well known, the inspection of holds and tanks has been a longstanding problem within the industry, especially when an official inspection was required by the National Food and Grain Health Authority (SENASA). These problems – related mainly to facilitation payments – have been a major concern of the new Authorities of SENASA who came into office at the beginning of 2016 and addressed these issues. They finally enacted resolution N° 693E/2017, published on 23rd October 2017 and which will enter into force on 1st November 2017.

The core of the resolution is that SENASA has delegated the inspection of the holds/tanks to registered private companies, keeping SENASA a revision and auditing role.

You will find enclosed a free translation of the new resolution from which you will note that the main points of this new regulation for the approval of cargo holds/tanks are that:

- it would be applicable to all export of grains, its products and by products;
- under the new resolution there are two scenarios: (1) official holds/tank inspections are required by the authorities at disport; and (2) not such official inspections are required;
- in both scenarios the inspections are delegated – in principle – to private companies and surveyors pre-approved and listed by SENASA;
- Under scenario (1) SENASA will be more involved auditing the private companies; and under (2) SENASA would not get involved unless a dispute between privates arises;
- the private company will be chosen by the Maritime Agent, who is usually appointed by the charterers. It is expected that the Maritime Agent will instruct the private company as instructed by the charterers and/or cargo interests; despite the fact that under Argentinean law the Maritime Agent who clears the vessel before the authorities becomes by law the legal representative of the Owner and the Master;
- regardless of the above, as usual, the Master/Owners can always appoint their own surveyor at their discretion where necessary, which we recommend should also be an approved company by SENASA



- When the official inspection is required at disport (scenario 1 above), in case of discrepancy between the private company acting on behalf of SENASA and the private company acting on behalf of another party, then SENASA will be notified and give intervention to the chief of the relevant area. The latter's decision will be binding for the parties.
- If NO official inspection is required (scenario 2 above), and there is a dispute between two private companies acting on behalf of different parties, then SENASA will be alerted and an Officer will undertake a revision and decide whether the holds/tanks are approved or not.
- The details and timetable of the above process (revisions in case of rejection) has not been clarified on the new resolution and remain uncertain. It appears that it will be subject to negotiations between the parties and SENASA on a case-by-case basis;
- the criteria for the rejection of cargo holds is also described in the new regulation. Broadly speaking they follow the same main criteria than the previous regulation. However, there are some amendments which in our view lack of clear and objective parameters to follow as to decide whether in fact the cargo hold/tank should be rejected or not, and this will be probably assessed on a case-by-case basis;
- SENASA will be the Authority of Control and will audit the private companies and surveyors. They could appear on board to control any given inspection at random;
- the inspections would be soon digitalized which would be an important mechanism of control and transparency. The digital system is expected to be available soon.

The Authorities and industry are confident that the new system will promote more transparent inspections. Whilst the new system represents a significant step forward, there are various aspects which still need to be tested. On this regard, SENASA is launching this new system as a prototype for the period of one year.

We will monitor the development of the new system closely and will keep you posted.

In the meantime we remain at your disposal if clarification and/or additional information is needed.

Yours faithfully

PANDI LIQUIDADORES SRL



FREE TRANSLATION

THE PRESIDENT OF THE NATIONAL HEALTH AND AGRI-FOOD QUALITY SERVICE
RESOLVES:

SECTION 1 – Suitability control system for cargo holds and tanks of ships and barges for the exportation of grains, their products and by-products. The "Suitability control system for cargo holds and tanks of ships and barges for the exportation of grains, their products and by-products" is hereby established. It will be in use as a pilot system for the term of ONE (1) year, counting as from the entry into force of this resolution. Its enforcement authority is the NATIONAL HEALTH AND AGRI-FOOD QUALITY SERVICE.

SECTION 2 – Scope. The Suitability control system for cargo holds and tanks of ships and barges for the exportation of grains, their products and by-products is compulsorily applied to all cargo holds and tanks used to the loading of grains, their products and by-products to be exported and which require cargo inspection by this National Service.

SECTION 3 – Scope of Application. The Control System is applicable in fluvial and maritime ports, outer ports, waiting areas, roads or any other place that is considered suitable for the verification of the established conditions.

SECTION 4 – Requirements for the approval of cargo holds and tanks. The procedure for the suitability control of cargo holds and tanks is intended to ensure, prior to the start of the loading operation, compliance with the following essential minimum requirements for the reception of grains, their products and by-products in cargo holds and tanks. These requirements replace those established in Resolution No. 28 of February 7, 2005 of the former SECRETARIAT OF AGRICULTURE, LIVESTOCK, FISHERIES AND FOOD.

Subsection a) Determine that cargo holds and tanks are free from live insects, humidity, detachable rust flakes, objectionable odours, fresh paint, residues from previous cargoes, rodents, their excrement or other causes that may arise and alter the quality of the goods.

Subsection b) Apply the following criteria to object or reject cargo holds or tanks:

The cargo hold or tank shall be objected or rejected when the presence of at least ONE (1) of the reasons listed below is verified, provided they are of a magnitude that may compromise the condition and quality of the goods in whole or in part.

Item I) Live insects or arachnids.



Cargo holds and tanks shall not be considered suitable for receiving cargo if the presence of live insects or arachnids is detected.

Item II) Detachable rust flakes.

The presence of detachable rust flakes upon touch is considered a reason for non-acceptance; it can be removed during inspection. The cargo hold will not be considered suitable until the situation is solved.

In order to determine the presence of detachable rust flakes, the procedure to be followed involves exerting a slight pressure with the palm of a gloved hand over the potentially detachable rust flakes; no other element or instrument should be used.

Item III) Humidity in a significant surface.

Humidity may be due to condensation, washing water and/or leaks. In the first TWO (2) situations, if the surface is small or if humidity forms a thin layer on the cargo hold walls, the cargo hold will be objected, and the ship's personnel will be instructed to dry it. In the case of leaks, if these are remediable, time will be given for their repair. The cargo hold will not be considered suitable if water threads are noticed in walls or if there are puddles in flat surfaces.

Item IV) Damages that give rise to leaks.

Damages caused by perforations or structural damages in ballast tanks can cause leakage. In such cases, if the inspection shows the presence of a water thread with a puddle in the lower part, the cargo hold cannot be approved until the damage is repaired.

Item V) Commercially objectionable odours.

For the purposes of these regulations, commercially objectionable odours are those that cause contamination or deterioration of the goods.

The main objectionable odours that can be detected during inspection generally correspond to cargoes of fishmeal, guano, chemicals, sulphur, paint or unclean bilges. In these cases, a reasonable ventilation time will be allowed, then the cargo hold or tank will be closed for one hour and then if the odour persists, then the hold will be rejected.



Item VI) Fresh paint in a significant surface.

The presence of fresh paint must be detected by manually touching the corresponding surface, and it is a reason of rejection.

Item VII) Contaminating residues from previous cargoes.

For the purposes of these regulations, contaminating residues from previous cargoes are those that may be found in a cargo hold or deck, capable of contaminating the shipment to be exported from the phytosanitary and quality point of view. These might be:

Iron ore, coal, sulphur, fertilizers, sugar, alumina, fishmeal, weed seeds and residual grains.

Item VIII) Rodents or excrement.

In any circumstance in which the presence of rodents or excrement is determined, the cargo hold will be rejected.

Item IX) Other reasons for rejection/objection.

Faulty closure of hatch covers, deficient or missing separations between cargoes or loss of hydraulic fluids.

SECTION 5 – Control procedures. The verification of compliance with the requirements for the authorization of cargo holds and tanks shall be carried out by means of the following control procedures:

a) Operations that require official cargo holds/tanks controls: In case official cargo holds/tanks controls are required in the purchasing countries, the interested party must request the Official Services of the NATIONAL HEALTH AND AGRI-FOOD QUALITY SERVICE in order to obtain the cargo approval certificate, without the need to require the intervention of a control and certification entity.

b) Operations that do not require official of cargo holds/tanks control: when the purchasing country does not require the official control of cargo holds/tanks, the verification of cargo suitability must be made through any of the certifying entities registered in the Registry of Controllers and Certifiers of grains and by-products for export, created by Resolution No. 44 of



January 6, 1994 of the former ARGENTINE INSTITUTE OF HEALTH AND VEGETABLE QUALITY.

SECTION 6 – Operating procedures. In order to verify compliance with the requirements set forth in Section 4 of this resolution, the Suitability control system for cargo holds and tanks of ships and barges for the exportation of grains, their products and by-products, includes the following operating procedures:

Subsection a) Official Control: it shall be carried out in accordance with the provisions of Section 4 of this resolution.

Subsection b) Verification by certifying entities: it shall be carried out according to the procedure detailed below:

Item I) The shipping agency must make the cargo suitability request to any of the certifying entities registered in the Registry of Controllers and Certifiers of grains and by-products for export and duly inform the National Health and Agri-Food Quality Service the date, estimated time in which the inspection will be carried out, place where it will be done and IMO number (International Maritime Organization). This notice must be made TWENTY-FOUR (24) hours in advance, notwithstanding that it may be reduced with the prior agreement of the Agency.

Item II) The requested entity must carry out the on-site verification of compliance with the current regulations, with the exclusive intervention of verifiers accredited by the National Health and Agri-Food Quality Service and, if applicable, certify the suitability condition of the cargo hold/tank.

Likewise, it must proceed to communicate the decision to this National Service, with the corresponding documentary support (documents and/or photographic or audio-visual material, if applicable).

Item III) The National Health and Agri-Food Quality Service will establish the electronic documentary system that will allow the corresponding procedures and communications to be made. Until it has been implemented, or when it is not available for other reasons, communications will be made in writing.

SECTION 7 – Intervention and supervision of the operation of the System by the NATIONAL HEALTH AND AGRI-FOOD QUALITY SERVICE. The National Health and Agri-Food Quality Service will carry out the following actions:



Subsection a) Receive the appointment of control companies responsible for the cargo holds inspection tasks.

Subsection b) Receive the certificates of cargo holds/tanks suitability issued by the control companies.

Subsection c) Supervise the inspection tasks based on a risk analysis and carry out the technical audits to the authorized control companies. In case of discrepancies between the National Health and Agri-Food Quality Service supervisor and the acting verifier, the first one will inform the superiors, who will issue a decision on the corresponding authorization of cargo hold/tank suitability.

Subsection d) If there are TWO (2) or more control entities acting simultaneously, and if there is no coincidence in their decisions, any party may request the intervention of the National Health and Agri-Food Quality Service in order to solve the conflict. In this case, the official opinion shall be final.

SECTION 8 – Registry of cargo holds inspectors. The Registry of Approved Inspectors of Cargo Holds is created, which will operate within the scope of the Agri-Food Quality Directorate of the National Directorate of Food Safety and Quality of this National Service. To this end, the following requirements are established:

Subsection a) Submit an application for registration either personally or through a registered control company.

Subsection b) Be registered in the Unique Registry of the Agri-Food Chain (RUCA), in the case of Classification Experts of Cereals and Oilseeds.

Subsection c) Comply with the specific training that will be given for these tasks.

SECTION 9 – Delegation of powers. The Agri-Food Quality Directorate of the National Agri-Food Safety and Quality Directorate of this National Service is entitled to provide for additional procedures necessary to implement its effective operation. This Directorate shall issue the technical opinions corresponding to the construction of these regulations.

In addition, and to this end, the Information Technology Directorate of the National Technical and Administrative Directorate is instructed to develop, within a period of SIXTY (60) days after



its entry into force, the computer system to which Section 6 of this resolution refers, to be operated online.

SECTION 10 – Exception. In operations that do not require official intervention, the following rules shall not be applied:

Subsection a) Resolution No. 28 of February 7, 2005 of the former SECRETARIAT OF AGRICULTURE, LIVESTOCK, FISHERIES AND FOODS.

Subsection b) of item 2.2 (inspection) of Annex I - Administrative and technical procedures, of Module I of Resolution No. 409 of September 30, 1996 of the former ARGENTINE INSTITUTE OF HEALTH AND PLANT QUALITY.

Subsection c) Rule XXIII (Grain Exportation) of Resolution No. 1,075 of December 12, 1994 of the former SECRETARIAT OF AGRICULTURE, LIVESTOCK AND FISHERIES, as applicable.

SECTION 11 – Penalties. Violators of this resolution are subject to the penalties that may correspond in accordance with the provisions of Chapter V of Law No. 27,233.

SECTION 12 – Incorporation. This resolution is incorporated into the Third Book, Part One, Title I, Chapter II, Section 7 and Third Book, Part Two, Title V, Chapter I of the Thematic Index of the Normative Digest of the NATIONAL HEALTH AND AGRI-FOOD QUALITY SERVICE, approved by Resolution No. 401 of June 14, 2010 and its complementary resolutions No. 800 of November 9, 2010, 416 of September 19, 2014 and 445 of October 2, 2014, all of said National Service.

SECTION 13 – Term. This resolution comes into force on the first business day of the month following its publication in the Official Gazette.

SECTION 14 – This resolution shall be communicated, published, informed to the NATIONAL DIRECTORATE OF THE OFFICIAL REGISTRY and filed. - Jorge Horacio Dillon. President of the National Health and Agri-Food Quality Service.