



## Beware cargo delivery without original bills of lading

**R**ECENT events reported to the Club again indicate that potential economic uncertainty continues to increase the likelihood of owners being asked to agree to delivery of cargo against the production of a charterer's letter of indemnity, instead of against original bills of lading.

But the consequences of such practices can be so serious that the dangers involved with delivery of cargo to parties who do not

hold a bill of lading are well worth reflecting on.

If the holder of the bill of lading were then to demand delivery, and if the cargo had already been released, the owners would face substantial claims. Moreover, claims resulting from cargo delivered without production of bills of lading are excluded under P&I rules.

In view of the potentially massive exposure, the reliability and quality

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of any indemnities issued to owners are of paramount importance. Members are therefore strongly advised to consider carefully the risks associated with delivery of cargo other than against an original bill of lading, and to ensure that they are fully satisfied with the financial standing and the authority of parties offering to provide and sign such indemnities.

### Enclosed space warning

NEWS has recently reached the Club from Singapore of a tragedy involving three crew members of a tanker reportedly overcome by petroleum gas fumes while cleaning a cargo tank on board the vessel. The incident occurred while the vessel was outside the port limits at Singapore. One of the three Filipino crew members was found to be dead on arrival at the port, while the other two thankfully

recovered. The Maritime and Port Authority of Singapore is conducting an investigation into the tragedy, together with the Coast Guard. London Club members are urged to ensure that all enclosed space entry

procedures on board are followed. Continuous ventilation and atmosphere monitoring together with all other safety precautions should be employed when crew enter potentially hazardous areas.



*Great care must be taken when entering enclosed spaces*

### Master's duty to investigate

THE recent decision of the Commercial Court in London in the case of the *Atrice* has important implications for shipowners.

Following commencement of loading of the vessel with a cargo of ethylene, initial sampling revealed substantial contamination.

But loading continued, and all the cargo was contaminated.

The owners admitted a failure to exercise due diligence to clean or purge the vessel's tanks and lines of a previous cargo of butadiene. But they argued that the bulk of the contamination was caused by the decision of the cargo interests to continue loading



***The court held that the master should have investigated the contamination***

despite the contamination which had been detected by the initial sampling.

The court found that, although the master had played no part in the decision to continue loading, he should have taken steps to establish the extent and source of the contamination, and the necessary remedial measures.

On the facts, the court found that the master's inactivity was such that he had abdicated his responsibility, placing the owners in breach in having failed properly and carefully to load and/or care for the cargo. They were therefore found liable for all the contamination.

*A summary of this, and other recent maritime law cases of interest, can be found on the Club's website at [www.lcco.com](http://www.lcco.com)*

### Indian port loading care needed

RECENT reports from India highlight the need for particular care in checking the condition of cargo loaded on board vessels there. Such care is especially important for vessels trading to some of the country's smaller ports, where day-to-day activities are governed by local state and port regulations.

In larger ports governed by India's Major Ports Act, it is possible to clause mates' receipts/bills of lading to reflect the actual condition of the cargo, in the usual way.

This, however, is not the case in some of the minor ports, where local regulations and authorities

may try to restrict the proper clausing of cargo documents.

In one recent case, the authorities in one of India's smaller ports refused a master permission to clause bills of lading. The intervention of the Club's correspondent helped eventually to resolve the situation, and emphasised the need for good evidence of the condition of the loaded cargo to be available.

Members are advised to consult the Club's local correspondents and, where appropriate, to seek advice on steps that may be taken before and during loading at ports in India to reduce the risk of complications arising with the authorities.

## Avoiding wash damage at St Petersburg

THE Club continues to see reports of damage to shipping caused by the wash of large passing vessels in the Morskoy Canal, St Petersburg.

But there are a number of recommendations for masters to follow in an attempt to minimise exposure to such damage. These include asking the local agent, on arrival, for the timetables of passenger vessels calling at River Neva berths, and for a schedule of vessels going to the Neva Bridges.

Particular care should be taken during these periods to ensure the proper positioning, tending and good order of the mooring lines and accommodation ladders.

It may also be advisable to record in some detail the condition of the ship's gangway and mooring ropes, and to have that record countersigned by stevedores.

Vessels which do sustain wash damage are advised to contact the local P&I Club correspondent for advice on how to proceed.

## Wrapped steel wire rod in coils

THE Club has received a number of recent reports concerning the susceptibility to damage during ocean carriage of wrapped steel wire rod in coils.

The coils are a high-value cargo typically used in the automobile industry in the US, and subject to stringent standards with regard to rust and physical damage. They are provided with thin plastic wrappers as a protection against moisture and abrasions. In cases where the plastic wrapper has been torn and/or otherwise breached, the possibility of abrasion damage increases, along with the risk of the inner windings being exposed to heavy condensation and/or seawater wetting and consequent claims for rust staining.

A thorough pre-loading survey should be conducted to identify any pre-existing damage, including tearing of the coils' plastic wrappers, for recording in the mates' receipts and bills of lading. And care must be taken in stowing the coils on board carrying vessels. Cardboard dunnage separators should be placed between the vessel's sides and/or frames. Large gaps in the stow should be avoided, and wire ropes for securing the cargo should be properly tensioned. In some cases, the mere presence of condensation on the outer surface of the plastic wrappers has led to demands for security from consignees. Cargo holds should be properly ventilated, and an accurate ventilation log maintained.



## Cappuccino effect for Singapore bunkers

THE Maritime and Port Authority (MPA) of Singapore has been asked by Intertanko to amend its code of bunker practice to ban air-blowing of bunker hoses during delivery of fuel to ships at the port.

Air-blowing is provided for in

Singapore's standard bunkering practice procedures to effect cleaning of delivery pipes, before they are detached from the receiving vessel, to help avoid any spills of oil. But it is alleged that the procedure is now being routinely abused.



*Singapore - reviewing procedures*

Intertanko maintains that more than one Singapore bunker supplier has used the air-blow cleaning facility during fuel pumping, creating a so-called cappuccino effect of frothy fuel which can give a false indication of the volumes transferred.

Fuel is a major item of expense for owners. But cost is not the only point at issue here.

The malpractice raises serious safety concerns, and could result in an explosion. The MPA is reviewing bunker procedures and says it will make changes where necessary. Members planning to fuel at Singapore should be aware of these developments.

## Pre-fixture checks

THE Club has recently received news underlining the benefits to owners of giving careful pre-fixture consideration to the implications of calls by vessels at certain ports.

A vessel was chartered to carry a cargo to Iraq. Attention had been given to ensuring that the shipment was permitted under UN sanctions, but no additional thought seems to have been given, before fixing, to the consequences of a claim being raised by the receiver. Difficulties therefore arose when cargo damage was alleged and the provision of security demanded, because of the financial restrictions imposed by sanctions regulations.

The risk of the complications reportedly experienced with guarantee arrangements in this case could have been reduced by consideration being given to issues including the risk of - and response to - cargo claims and security provision prior to fixing.

## IMO reminders

THE International Maritime Organisation has issued a reminder that mariners will need new or renewed documents conforming to STCW95 requirements, not

later than February 1, 2002. It has also reminded owners and operators that cargo ships of 500 gt and above must comply with the requirements of the ISM Code by July 1, 2002.

### PUBLISHED

on behalf of The London Steam-Ship Owners' Mutual Insurance Association by A. Bilbrough & Co. Ltd., 50 Leman Street, London. E1 8HQ, UK. Tel: +44 (0) 20 7772 8000 Fax: +44 (0) 20 7772 8200 E-mail: comms@a-bilbrough.co.uk www.lso.com

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