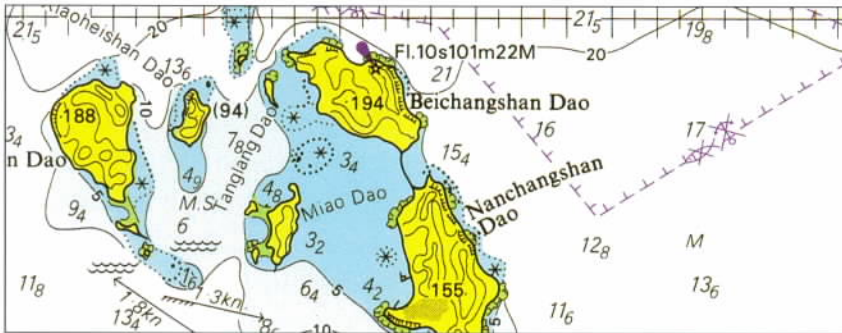




Perils await unwary passage planners



OVER a period of years, technological advances have greatly increased the sophistication of some aspects of maritime navigation. However, this does not mean that more traditional methods should be overlooked.

A number of cases have been reported of alleged damage to cultivated scallop farms in the vicinity of Miaodao, near the entrance to the Bohai Strait, in Shandong, China, by merchant vessels enroute to Tianjin.

Foreign vessels can use only three of the channels through the Bohai Strait, and one of these channels is limited to vessels of less than 200 tons.

In the remaining channels there are extensive scallop farms, but their existence is

not actually shown on the Admiralty chart for the area.

The Admiralty pilot book for the area, however, indicates that shipping should use two of the three channels, as does a small note on the Admiralty chart.

London Club members have been involved in two recent incidents of alleged damage to scallop farms in the area, which may have been avoided by consulting the Admiralty pilot book and Admiralty chart. Also, it is believed that a number of other clubs have been involved in similar claims.

Incidents of this nature can clearly be sensitive on both an environmental and a political level. They can also be very costly. The attention of London Club members is drawn to the nature of this particular

problem in the Bohai Strait, which is rather unusual, and also to the wider implications of such incidents.

Members are reminded that navigating officers on board their vessels should not rely solely on the charts of the area.

Proper passage planning includes consulting all relevant reference material, including the Admiralty pilot book, in conjunction with the relevant charts.

Failure to do so could mean that there is no defence to what may prove to be an expensive claim.

Contact details

THE contact numbers of the London Club managers have changed. Contact can now be made by phone from countries outside the UK on +44 20 7 772 8000, or by fax on +44 20 7 772 8200. Within the UK, the phone number will be 020 7 772 8000, and the fax number will be 020 7 772 8200. You can contact the managers either on these numbers, or on the old numbers, between now and April 1, after which date the old numbers will cease to operate.

The London Steamship StopLoss

Trouble in store at Indian ports



*Inspections are on the
increase in India*

REPORTS from India note that vessel inspections by local customs officials have been stepped up recently.

The local customs are being particularly severe

COGSA warning

A NUMBER of US shippers have in recent months tried to renegotiate contracts of carriage which impose liabilities on the carrier far beyond those established by the Hague Rules, the Hague-Visby Rules, or any other similar legislation in favour of the carrier. This follows the coming into force earlier this year of

on those vessels which have inadvertently not declared or else have misdeclared certain innocuous items of stores.

The customs problem is particularly severe in the port of Cochin. Perhaps because the port is not particularly busy - about sixty-to-seventy ship calls a month - customs gangs seem to have all the time in the world to visit most of the vessels there.

On arrival, all vessels have to submit a stores list in which all items on board - for example ropes, wires, paint drums, refrigerators, lube oils, engine spares, typewriters, computers etc - are declared. Invariably, some items are overlooked or wrongly entered, or an

the US Shipping Reform Act.

Members are reminded that the International Group clubs do not usually cover liabilities, costs and expenses arising from contracts of carriage not incorporating Hague or Hague-Visby, or similar rights and immunities in favour of the carrier.

Furthermore, in those cases where contracts of

approximate figure is used. Cochin customs are now checking stores lists very closely. When they find discrepancies, they are legally bound to confiscate the goods or else fine the vessel the equivalent value.

Fines are currently not too onerous, and may even be reduced if it can be shown that any misdeclaration of stores was simply a result of human error on the part of the crew. But the vessel may be detained for some time while these problems are sorted out, and therein lies the real cost to the owner. Masters should pay special attention to this problem, and be hospitable to customs officials when they come on board. Tact can often alleviate these problems.

carriage provide for through- or combined transport, or for carriage partly to be performed by a member's vessel, cover is dependent upon approval by Club managers of the terms of such contracts.

Any London Club members concerned that the terms of proposed contracts may adversely impact their cover should contact the Club for advice.

Port state control widens its net

SIX Gulf states, and six Black Sea states, have drafted separate port state control agreements designed to eliminate sub-standard ships from their respective regions.

Bahrain, Kuwait, Oman (pictured, right), Qatar, Saudi Arabia and the United Arab Emirates have agreed the preliminary draft text of an MoU (Memorandum of Understanding) for the ROPME Sea Area. ROPME is the Regional Organisation for the Protection of the Marine Environment.

The six Black Sea states which have also agreed a preliminary draft MoU on port state control are the Russian Federation, Georgia, Bulgaria, Romania, Turkey, and Ukraine. No dates have yet been set for the new regimes to enter force.

Members should also be aware of developments with the likely finalisation of a West and Central Africa MoU later this year.



Bolero update

The advent of paperless trading is upon us. The Bolero project, which is intended to establish an environment in which paper bills of lading and other trade documents are replaced by electronic messages, went live on September 27.

Although the International Group clubs support the aims of Bolero, there is perceived to be a risk that Bolero users could incur a P&I liability which

would not have arisen under a paper transaction. The clubs have therefore arranged market insurance for P&I liability excluded from club cover because it arises under such paperless trading systems as Bolero, and any members wanting to apply for this should tell the managers before participating in Bolero.

Also, as the surrender of a Bolero bill of lading takes place electronically, great care should be taken to ensure that the person who

takes delivery of the goods represents the party entitled to do so under the Bolero bill of lading.

STCW texts

CLUB members might like to know that Arabic and Chinese editions of the STCW Convention are now available.

They can be obtained from IMO publications suppliers around the world.

Customary fines in West Africa

Perils associated with ships trading to West Africa are well-known, and the London Club's experience shows that trading to the region can often involve less well-known additional, unpredictable risks.

In a recent case involving a member, a vessel carried bagged rice from Chinese ports to the Cameroon port of Douala. The charterers traded the cargo after it had been loaded. This caused confusion as to which cargo parcels were to be declared to customs, particularly the amount remaining on board after completion of discharge at Douala.

This commercial practice by traders is apparently the cause of continuing concern to the customs in Douala. The situation was made worse by the fact that charterers' local agents apparently provided the master with inaccurate instructions regarding his duties to customs when declaring cargo on board.

Convinced that the charterers/ traders were trying to defraud them of customs dues, customs fined the innocent vessel \$720,000, later settled with the help of the Club's local correspondents for \$125,000.

Customs refused to accept any form of security, and legal advice confirmed that there was no realistic benefit to the member in pursuing relief in the courts. As a result, the member incurred losses on account of delay and port expenses.

In this case, exposure may be limited by the fact that the vessel was on time-charter to a major trading house, but there are clear lessons for members. Apart from carefully selecting contractual partners, they should instruct masters to be particularly vigilant in dealings with customs when trading to countries where problems of this kind occur. It may even be prudent to appoint protecting agents to provide members with assistance and back-up in cases where the quality and reputation of the charterers' local agents is questionable.

Arresting decision



IN the recent decision in *Heavy Metal (Belfry Marine Ltd v Palm Base Maritime)*, the South African Supreme Court of Appeal held that a ship had been legitimately arrested in Cape Town as security for claims arising out of the sale of another vessel because they were "associated ships".

Although the court was divided, members should be aware that, as a result of this ruling, the law as it currently stands means that a shipowner could be held liable in South Africa for the debt of a guilty ship or fleet just because the two ships or fleets have the same person appointed to act as a nominee shareholder - often the lawyer who has arranged the purchase of the vessel.