

KISH P & I LOSS PREVENTION CIRCULAR KPI-LP-169-2014
(Bulk liquid cargo shortage claim)

Recently the association has received an alleged bulk liquid chemical (Methanol) shortage claim for a vessel loading in one of the Iranian ports, with an intention to off load the cargo in four different terminals in China. On completion of loading the ship's measured cargo quantity appeared on the bill of lading as the loaded quantity. Eight sets of bills of lading were issued, splitting the total quantity into smaller shipments with a clause to the effect that each parcel is to be discharged at each of the unloading ports based on the cargo measurement at the first discharge port at a percentage as the quantity on each bill of lading bears to the total loaded quantity. At the first discharge port measurement depicted about 21 metric tons of cargo on board in excess of loading port quantity. There has been no charter party involved. On completion of discharge at the first port, receivers claimed for about 80 metric tons of cargo to be short landed and forced the master to pump approximately the same quantity again. At the second discharge port, the cargo operation suspended by the receivers on the grounds of unreasonable discrepancy between ship and shore received quantity. The club correspondents were activated and during discussions among parties it has been agreed that the calibration tables, measuring points/instruments and height of cargo tanks be verified for accuracy. Investigations led to no findings.

The alleged shortage claim from the cargo owners are not valid from the club's point of view for:

1- In this case the contract of carriage evidenced by bills of lading was to be governed by Hoge or the Hague-Visby rules under which the responsibility of the carrier for cargo is from tackle to tackle. It means that carrier is liable for cargo loss and/or damage from the time of shipment to the time of discharge and he/she will make no representation to the cargo prior to shipment or after the discharge. As the cargo quantity at the first discharge port showed a bit above the bill of lading figure it means that the cargo has been delivered to the cargo owners in the same quantity as it was loaded.

2- Any claim under Hague or the Hague-Visby rules by the claimants is to be surrendered to the carrier in writing at the time of removal of the goods unless the loss be not apparent at that time.

Unless the carrier accounts for cargo shortage, he/she will be found liable for the claim. However we, the Kish protecting and indemnity club wish to draw your attention to the following points as loss prevention measures:

1- Using a charter party bill of lading in cases where a charter party is not involved is not a good practice.



2- There must always be a contract of carriage contained in or evidenced by the bill of lading sometimes in the form of a charter party.

3- The reverse of the bill of lading is as important as its face. The members are to ensure that protective clauses are inserted with emphasis on general paramount clause making the contract of carriage subject to Hague or the Hague-Visby rules.

4- It is a good practice to seal the overboard/sea chests and the manifold valves upon completion of loading and an entry be made in deck log book by the master.

5- Avoidance of using ship's figures as a basis for bills of lading figures as the ship's loaded quantity and the experience factors cannot be verified and/or calculated.

6- To contact the club if at any time it is suspected that a cargo claim may be forthcoming.

7- Have the surveyors/terminal to issue proper ROB/Dry tank certificate.

8- Maintain cargo samples on board for at least one year from the time of discharge.