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1. Icelandic volcano disrupts air cargoes - TT Club's initial advice

The eruption of the Icelandic volcano Eyjafjallajökull has grounded flights in large parts of Europe. While the media focus on stranded passengers, the TT Club is well aware of the problems this has been causing to all those involved in the carriage of goods by air. A considerable number of Transport/ Logistics Operators insured by the TT Club are heavily involved in carriage of air cargo, some of which is highly time-sensitive, such as perishables or some project cargoes.

In view of the flight restrictions imposed by the authorities, air carriers have been unable to move goods to/ from/ within Europe. Under the international air carriage conventions, the Transport/ Logistics Operator who assumes liability as a contractual air carrier (typically under a house air waybill) may well be able to argue successfully that it is not liable for loss/damage caused by this delay provided that it can show that it took all measures that could reasonably be required (or that it was impossible to take such measures). Depending on the circumstances, 'measures that could reasonably be required' might for example include the preservation of perishable goods in suitable storage facilities.

The Club recommends that Transport/ Logistics Operators who are aware that goods are delayed may want to get in contact with their clients in order to inform them of the delay and to obtain further instructions from them. This would be good practice particularly for perishable or otherwise time-sensitive cargo. The parties can then assess the situation and consider further measures, such as re-routing the cargo by alternative routes/ means of carriage or even to a different market/ location in order to reduce the loss.

The Club is also aware that the lack of flights is causing delay to sea carriage shipping documents such as original bills of lading required for delivery. If consignees request carriers to deliver the cargo against a 'letter of indemnity', the safe course of action for carriers is to request from the consignees a guarantee from a first rate bank for 200% of the CIF value of the cargo.

Members who require legal guidance on particular circumstances are advised to involve their lawyer.

2. Conclusion

We hope that you will have found the above item interesting. If you would like to have further information about it, or have any comments you would like to make, please email the editor at tt.talk@ttclub.com. We look forward to hearing from you.

Peter Stockli
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for the TT Club

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