

Welcome to the latest edition of TT Talk, number 26 in the series.

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1. Loss prevention advisory - US West Coast ports

The latest news from the United States is that a temporary injunction has been granted by the San Francisco federal court, ordering a resumption of work. The PMA says it will order longshoremen to return to work at 18:00 Pacific Daylight Time on Wednesday 9 October. The injunction will remain in force until 16th October, but it is expected that the court will then grant an injunction for the full 80 day period permitted by US federal law.

It is however clear that it will take some time for harmonious labour relationships to be restored, and that it will be several weeks before the backlog of cargoes can be shifted and trade patterns returned to normal.

In the meantime, the Club gives the following advice in response to requests from members:

Outbound Cargo from US West Coast ports

Reports suggest that much cargo is currently being held in containers, on chassis, in unsuitable and non-secure locations, such as roadsides, parking lots and so on. Such loads are clearly vulnerable to theft and members are advised to take whatever steps they can to ensure that all consignments are returned to, or placed in, secure locations until such time as the shipping lines are able to accept delivery at the port or terminal.

Deviations

Some shipping lines have diverted ships away from US ports and have discharged cargo in Mexican or Canadian ports.

Members are then faced with the extra cost of transporting consignments from the discharge port to the original destination.

- a. The additional costs incurred for moving consignments from deviation ports are not covered by the Club.
- b. Members should check their contractual terms carefully. It may be that clients can be held responsible for the extra transport costs incurred through circumstances beyond the member's control. In that case, the client should be advised of the position, and told what the extra costs (approximately) are. Client's agreement to pay the extra costs will be required before cargo can be released at destination. In other circumstances, the member may be obliged to deliver cargo at a specified location for an agreed price, and will not be able to pass on the extra charges to the client.
- c. Members should check carefully the conditions of carriage printed on the ocean carrier's bill of lading. The conditions may well give the carrier the right to call at another port and to discharge the cargo there, in the event that the intended port is not available. If the ocean carrier's bill is issued "port-to-port", the carrier may be able to declare the voyage at an end. If the ocean carrier's bill is on a "door-to-door" or "port-to-door" basis, the carrier may be obliged to carry the cargo at his expense to the agreed destination (but he may also be able to rely on the same "force majeure" argument as the member).

Delays

Much cargo has been delayed and there are numerous reports of factories - normally operating on Just-in-time principles - having to take extraordinary measures to move supplies by air in order to maintain production.

In general members will not be liable to clients for delay to shipments caused by the labour dispute, irrespective of whether the delay is because cargo is not being accepted at the port of loading, whether the cargo is already landed in a west coast port and cannot move further, or whether the delay arises through deviation to another port. The cause of the delay is clearly beyond members' control and is not something for which they can be held responsible.

Members are reminded that the Club does not usually provide cover for financial losses arising from guaranteed transit times, either consequential losses (factory shutdowns) or extra costs incurred by airfreight.

Members should make it clear to any clients who wish to airfreight cargo to the USA in order to beat the port shutdowns, that the airfreight operation is a separate contract, and that the client will have to pay the costs.

Perishable and controlled temperature cargoes

Members should check whether temperatures have been maintained while containers have been held in ports and terminals. In the event of any suspicion that temperatures have not been maintained, a survey should be arranged. Please contact the Club's office in San Francisco for assistance.

Collection of freight costs

Some clients may refuse to accept goods that have been delayed, arguing that they have lost markets etc. Others may try to "recover" claims for delays etc by withholding amounts from freight. Members should be alert to the credit control aspects and take whatever steps they deem appropriate to ensure that freight and other charges are collected before the cargoes are released.

We hope that you will have found the above items interesting. If you would like to have further information on any of them, or have any comments you would like to make, then e-mail the Editor at tt.talk@ttclub.com. We look forward to hearing from you.

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