

### **A Note from the Editor**

Welcome to the last edition of TT Talk for the millennium. I do hope you have enjoyed reading TT Talk since its inception earlier on this year. As ever, our aim is to bring you news that is both interesting and unusual. To this end, we have included in this edition an article on the vagaries of transporting squid, a reminder about the pitfalls of releasing cargo without bills of lading and commentary regarding the transportation of dangerous goods.

May I take the opportunity of wishing all our readers all the very best over the forthcoming festive season.  
Christine Williams, Editor

### **How International is your Insurer?**

It goes without saying that the freight forwarding business is international. As a forwarder you know how to get goods to some far-off destination and most times they get there without problem. Although your professional umbrella organisation, FIATA, describes forwarders as the architects of transport, we prefer to think of you more as blacksmiths, carefully constructing chains of sub-contractors to ensure that your clients' goods can get safely to their destinations. That is the essence of modern intermodal transport: a chain of inter-related agreements between companies, each link doing a specific job, while the whole is designed to move goods as efficiently as possible from buyer to seller.

It also goes without saying that, if something goes wrong with the chain, if the cargo is lost or damaged, the accident will rarely happen in your own back yard. The same law which dictates that a piece of bread will always fall butter-side down also dictates that accidents will happen in the most inconvenient place and at the most inconvenient time. If that happens somewhere down at the end of the chain, well out of your immediate area you are going to have to rely on the ability of your local agent and, more importantly, your liability insurers to react swiftly and to deal with the problem. It is in the nature of modern transport that most damage will only be discovered at the very end of the journey when the cargo is delivered to the consignee at its distant destination.

Reputable forwarders like you will have taken out liability insurance to protect yourselves in the event of an accident. Many insurers offer forwarder's liability cover, and many make great play of the fact that they are part of a big international group. You are in the business of international transport; they are an international company offering liability insurance. It seems like a perfect match.

The problem, as you will rapidly discover when the first damage report spills off your fax machine one Monday morning from your agent on the far side of the world, is that being insured by part of an international group does not mean that the whole of that organisation is geared to respond to your needs. Your agent may well try to contact the local branch of your insurers, let us call them Conglomerated International Insurance Group (no reference to any particular company or group is intended), to get them to assist. After he has listened to a tinny electronic rendition of The Sting three times over while being kept on hold, he will no doubt be told that the policy is nothing to do with their office. It was not them but your own CIIG group company, they will explain, who wrote your policy and it is to them that you should turn for assistance. The fact that both offices are part of the enormously powerful and worldwide CIIG is of no consequence to them. Suddenly Conglomerated International Insurance Group doesn't look quite so international any more.

Of course, you may be lucky. Your agent may phone your insurer's local office and find someone there who is able and ready to help. Within minutes of receiving your call, a well-oiled machine swings into action. Surveyors are organised, reports are sent; advice is given; if necessary lawyers are put on notice. You may also find that your insurer's local office knows precisely what an NVOCC does and what a bill of lading is, understands the problems of container sweat and reefer temperature settings, knows its INCOTERMS back to front, is familiar with the Hague-Visby Rules, the Warsaw Convention, the CMR and CIM, not to mention the United States COGSA and the provisions of the Chinese Maritime Code, can give you a rundown on how different jurisdictions deal with the shipment of containers on deck, and, in short,

is a walking encyclopaedia of how modern transport works. If this is your experience, congratulations! You are obviously already insured with the TT Club.  
Contributor: Andy Trasler, TT Club - London

### **The problem with squid...**

Squid is a popular delicacy in the Far East (China, Japan, Taiwan, etc.). Local squid stocks have been wiped out by over-fishing and the majority of squid is now taken in the South Atlantic, though how long these stocks will last is open to question.

One of the main problems, which occur with this cargo, is dehydration.

Small fishing vessels, called "jiggers", catch and freeze the squid, which is then transferred, usually directly at sea, into reefer ships for carriage to the Far East. The freezing process involves stacking the squid in blocks and immersing these in salty water, which is frozen to leave a "glaze" on the cargo. This glaze supposedly provides protection from "freezer burn", the dehydration that occurs in fish, meats, etc., exposed to very dry, cold conditions. The problem is that the earning capacity of the jiggers is based upon what they catch and this is limited by the rate at which they can freeze the cargo and create the glaze; to speed up the process, on occasion an inadequate glaze is applied.

Owing to the passage of cold air from the ships refrigeration machinery over the glaze, the glaze is gradually worn away and, if the layer of glaze is not thick enough, the squid can become directly exposed to the dry cold air and dry out: Some reefer operators have attempted to avoid the problem of passing dry cold air directly over the cargo by surrounding the stack with polythene sheeting. The danger of this approach is that the polythene interferes with the natural circulation of cold air through the cargo, and this may, if the ship's insulation and refrigeration equipment is not in perfect condition, lead to inadequate cooling and to defrosting/rotting.

The glaze is also affected by melting during transshipment /cargo operations in open hatches in warm conditions. In some instances the reefer ships have to load from a number of jiggers over a period of time, and the hatches may be opened and closed several times and be open for some time, exposing cargo already loaded to warm conditions. In some instances this may lead to the cargo becoming too warm and rotting. One other side effect of this is that, under some circumstances, melted water from the glaze re-freezes and the blocks can become welded together. This can lead to difficulties in discharging and may, again, also lead to blockage of cool air passing through the stow, permitting some cargo to become too warm and rot.

The best advice available is to ensure that the cargo has an adequate level of glaze on it, and that, as far as possible, it is kept cold and is not exposed too long to sun, etc., during cargo operations.

Contributor: Trevor Elliston, UK P&I Club - London

### **Cargo release without bills of lading**

An English Commercial Court decision in the case of *Motis Exports v Dampskibsselskabet AF 1912* and another, has again emphasised the need for carriers to ensure, when applicable, that their agent deliver goods against presentation of an original bill of lading.

A bill of lading has various functions; one being that it places a legal obligation on the carrier to safeguard the goods. When the contractual terms require the goods to be released against presentation of an original bill of lading and this is not fulfilled, the carrier becomes liable for any loss that occurs.

A bill of lading, being a document, is susceptible to forgery. When such a document is presented, the only way to ensure that it is genuine is to clarify its authenticity.

In cases where cargo has been released in this way, enquiries usually reveal that the carrier's agent has either been deceived by a forged document, or has failed to comply with the required procedure by adopting a bad-working practice of over familiarisation with the receiving party.

Tendering of a fraudulent bill of lading is certainly nothing new. Arguably the perpetrators of this type of fraud are more skilled than criminals who steal whole or part container loads. Fraudsters will always endeavour to find new and ingenious ways to stay one step ahead.

The creation of a forged document can be a major threat to unwary parties. Awareness of the existence of such forgeries and undertaking simple checks can thwart potential perpetrators. It is for this reason that carriers and their agents need to be alert when dealing with such documents.

Blank original bills of lading are all too frequently available to unscrupulous persons, which when combined with the criminals' ability to obtain a copy of a completed original, or non-negotiable bill of lading, enables a high quality forgery to be prepared. To combat this, some carriers have introduced certain security markings during preparation, and designated signatures.

The development of photocopy technology has made it possible to copy even a multi-coloured bill of lading to a very high standard. Only a close examination will identify any discrepancy.

The presentation of a fraudulent document is an unhappy fact of life that will not go away. Nevertheless, by making staff aware of the more obvious faults and the importance of complying with the cargo release procedure, will result in the risks being reduced.

With the advent of Bolero those parties who make use of the system, should not have to concern themselves with this type of forgery. However, what it will not prevent is the release of cargo by an agent without first complying with the notified release instruction. When such cases come to notice, it is found that the consignee has not made payment to the shipper and the agent was aware of their legal obligation when permitting the unauthorised release.

This lack of judgement is all too often due to the agent's working camaraderie with the consignee or their agent, which can only be detrimental to the carrier's interest.

When an agent unjustifiably releases cargo, they more often than not do not have the funds or financial cover to protect their action. The responsibility therefore reverts to those instructing him. It is for this reason alone that every effort must be taken to ensure that agents do not deviate from the required cargo release procedure.

There are five common methods used to secure the unauthorised release of cargo without presentation of a bill of lading:

- a. A consignee's letter of credit.
- b. A consignee's letter exonerating the agent from his action.
- c. A bank guarantee confirming that sufficient funds exist in an account on a specified date.
- d. Agreement between agent and receiving party.
- e. Shipper's extended credit facility minus the authority to release the cargo.

Signum Services Ltd has developed a good knowledge of these type of releases and on the various types of cargo thefts. We are therefore able to provide both advice and investigation into such matters. In cases of doubt, please contact us.

Contributor: Mike Hawkins, Signum Services - London

### **Dangerous goods**

Under European Community regulations, all transport companies handling dangerous goods within the EU are obliged to have a Dangerous Goods Safety Advisor (DGSA) from 1 January 2000.

The DGSA's role is to monitor compliance with the relevant rules and regulations governing the transport of dangerous goods and advise his/her employer on the transport of such items. He or she will also monitor the company's practices concerning the movement of hazardous goods including employee training and developing measures to prevent a recurrence of accidents. The DGSA's other main task is to prepare an annual report on the company's activities in the handling of dangerous goods.

Any company that has not appointed a DGSA by 1 January 2000 will not legally be able to handle or move consignments of hazardous goods. However the DGSA does not have to be an employee of the company: an outside expert, with the necessary qualifications and experience, can be appointed instead. Companies appointing an advisor in this way should make sure that his or her expertise is relevant to the company's business.

The TT Club welcomes the introduction of these rules as an important step to improving the safety of everyone involved in the transport chain, as well as to the general public. Over the years claims handlers have read with horror stories of dangerous incompetence by people who should know better:

- a. A major chemical manufacturer who loaded drums of acids and alkalis into the same container, a practice specifically prohibited by all the dangerous goods regulations. This was discovered when the container was inspected; when questioned, the manufacturer shrugged his shoulders and commented, "Why not? It was all Class 3, wasn't it?" The container had been stopped because liquid was leaking from it. This was found to come from a jar of sulphuric acid, which had been stowed upside down.
- b. A consignment destined for the Middle East was being transhipped, when workers noticed that one of the drums was leaking. An expert found that the drums being used had been refurbished but as they had not been re-certified for the movement of hazardous goods their use was illegal. Substantial costs were incurred by the member in making the cargo fit for on-carriage. The customer was not best pleased when presented with the bill.
- c. Cylinders of flammable gas were delivered to a member's warehouse. The cylinders had not been checked properly. As a result, when one cylinder was removed from the lorry, the remainder of the pile collapsed. Several cylinders hit the ground with such force that the valves were knocked open. The warehouse and a number of adjacent businesses had to be evacuated while the fire service made the consignment safe.

Fortunately few incidents get out of hand, but this is generally thanks to the diligence of operational staff. The potential for a really serious accident is always there; everybody in the transport chain needs to be aware of their obligations.

The TT Club has noted with alarm an increasing tendency for freight forwarders to sign dangerous goods declarations. When asked "Why?", the answer is frequently "Because their client has refused to do so, and I have to get the cargo away somehow.". However, by signing declarations, a forwarder confirms that the goods have been correctly classified and that the packing and labelling conforms to the appropriate regulations. With the best will in the world, no freight forwarder can make such a declaration honestly. The TT Club believes very strongly that manufacturers should not try to escape their legal and

moral obligation to ensure that the hazardous goods they produce are safe for transport. Up to now forwarders have been in a relatively weak bargaining position: they needed the revenue and were unlikely to want to upset a client by refusing the cargo without adequate documentation. Maybe, just maybe, the arrival of DGSA's on the scene will change all this.

The TT Club does cover its members' liabilities arising out of the carriage of dangerous goods, but this is always subject to the condition that the member has taken all reasonable steps to comply with the relevant regulations. From 1 January, for members within the EU these "reasonable steps" will include having a DGSA and listening to his or her advice

Contributor: Andy Trasler, TT Club - London

### **Intermodal Exhibition, London**

Just a reminder to all our readers who may be visiting the Intermodal Seminar in London this month between 8th and 10th December that they can find on us on stand C30.

As in past years we will be sharing a stand with our partners in the TT Repair and Equipment programme, Unicon. The Club's relationship with Unicon dates back to 1994 and will be strengthened even further during the forthcoming year.

### **TT Talk quadruples its readership!**

We were pleased to receive a note from the Club's Member, Panalpina which reads as follows:

"We are happy to announce that we have just started to include and publish the TT Club newsletter, TT Talk, in our internal network called Panalpina Intranet. TT Talk is now available to more than 10,000 Panalpina staff worldwide".

### **Dates for the diary**

Geneva 11 January Cargo Security - Journal of Commerce Group - San Diego, USA  
Geneva 18 February Cargo Security - Journal of Commerce Group - London, UK  
Geneva 8 - 10 March The Shipping Open Seminar - Grupo Stier - Canary Islands - Spain  
Geneva (please visit the Grupo Stier website for this event: [www.cema.es/sos](http://www.cema.es/sos))

### **Season's Greetings from the TT Club**

Christmas is a time of good cheer,  
But not everyone will enjoy it this year.  
While for most it is a time of joy,  
There will still be many a girl or boy,  
Who'll have nothing for their Christmas meal,  
While we'll be feasting on turkey or veal.  
So, in order to produce a significant ending,  
Christmas cards we'll not be sending.  
Our thoughts are with those of lesser means,  
For whom a Christmas meal could be a plate of beans.  
The money we save shall still be spent,  
On a cause we think is extremely well meant.  
UNICEF will this year get the bonus,  
So please don't look too unkindly upon us!

We wish a very Merry Christmas and a Happy and prosperous New Year

To all our Members, brokers, correspondents and friends far and near.