



Changing Patterns in World Trade Bring Unforeseen Liabilities for Middle East Transport Operators

In a speech to be given at the TOC Container Supply Chain: Middle East Conference on 9th December, Andrew Kemp, Regional Director EMEA of the freight transport insurance specialist TT Club will warn of the additional liability that freight forwarders and other logistics operators are open to as a consequence of dynamic changes in global trade.

London, 3rd December, 2013

Statistics compiled by the World Bank reflect the fast-growing influence of the so-called South-South trade routes between Latin America, Africa and Asia. The value of exports on this trade now exceeds that between the developing and developed countries of the world, representing 32% of total global trade. As both an influential import/export region as well as a key hub for the movement of goods in the South-South trade, the Middle East, and its transport operators are experiencing significant growth opportunities. In conjunction with this business growth has come a dynamic change in the amount and variety of services freight forwarders, logistics service providers and other transport companies are offering shippers.

“This trend is not limited to operators in the Middle East, indeed we are seeing such developments across the globe. However, I’m taking the opportunity of speaking at the TOC Conference to highlight the consequences of the changes to an operator’s risk profile to the freight transport sector in the region”, says Kemp.

Such new trade growth has meant that the demands on forwarders and other logistics operators are changing rapidly from the traditional organisation of international movement of goods. Manufacturers, retailers and other shippers are increasingly requiring the provision of additional logistics services such as warehousing, sub-assembly and packing, with tight margins for error and sometimes harsh financial penalties for breakdowns in their supply chains.

As Kemp will highlight, “As a consequence of providing these additional services, whether sub-contracted or provided within their own operation, forwarders are typically accepting extended contractual exposure, in terms not only of the period during which customer’s goods are in their custody but also usually more onerous terms and conditions. Simply put, the more complex the services undertaken, the greater are the chances of errors and omissions occurring”.

TT Club has experienced an expanded range in types of claims occurring as a result of the extension of liabilities. With the increased complexity in services and contractual arrangements it is becoming important to select an insurer with specialism in assessing and advising on the level of exposure that the signing of a particular contract may imply.

Kemp will conclude, "Awareness of these circumstances, and the seeking of professional advice on the extent of the possible risks which may result, are essential for the modern day forwarder and logistics operator to assimilate, particularly when involved in the rapidly developing Middle East hub".

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Note to Editors:

The TT Club is the international transport and logistics industry's leading provider of insurance and related risk management services. Established in 1968, the Club's membership comprises ship operators, ports and terminals, road, rail and airfreight operators, logistics companies and container lessors. As a mutual insurer, the Club exists to provide its policyholders with benefits, which include specialist underwriting expertise, a world-wide office network providing claims management services, and first class risk management and loss prevention advice.

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