



■ MISDECLARED CARGOES

Spotlight on cargo inaccuracies after spate of incidents

Box shipping is stepping up efforts to highlight the risk of misdeclaring containerised cargoes, but it could be some time before any real progress is seen. The work-in-progress Cargo Integrity project is focusing on all stakeholders recognising and doing the right thing, writes *Nidaa Bakhsh*

THE misdeclaration of containerised cargoes is back in the spotlight given a spate of fires and other incidents in recent months.

While the cause of these latest casualties is under investigation, several leading industry experts have told Lloyd's List Containers that the misdeclaration or mislabelling of cargoes cannot be ruled out as a possible factor and could be a significant line of enquiry by accident investigators.

The issue has become so widespread that the industry is stepping up efforts to raise awareness and drawing up action plans, in the hope of tackling some of the major factors behind the problems.

These latest industry efforts will supplement an initiative established last year by senior executives at some of the world's largest container lines that aims to set global standards for containerised cargo and have proper enforcement powers.

According to TT Club's risk management director Peregrine Storrs-Fox, it could take a decade for one particular campaign in which he is involved to have an impact.

"It is communication, training, education that will lead to change," he says.

The UK-based insurer has been working together with the World Shipping Council, the International Cargo Handling Coordination Association and the Global Shippers Forum to highlight the problems and to seek solutions.

The so-called Cargo Integrity project "focuses on all stakeholders recognising and doing the right thing," Mr Storrs-Fox tells Lloyd's List Containers.

"It is a diverse project seeking, at its roots, significant cultural/behavioural



change," he says, adding that certain elements may require legislative change, and technology deployment such as blockchain.

RECENT EVENTS

Mr Storrs-Fox says that the scale of the problem is so vast, it is costing the insurance industry an estimated \$500m per year in avoidable cargo damage claims. That figure conceals the several billions of dollars incurred across the entire supply chain industry.

On average there is a major ship fire every 60 days involving a loss of life or damage to the ship, creating disruption and pushing up costs, Mr Storrs-Fox notes.

Maersk recently announced it would be carrying out container inspections at four ports in the US to make sure contents match descriptions and that the boxes are properly stuffed, latched and secured.

This is to ensure correct implementation of the International Maritime Organization's CTU code; the non-mandatory Code of Practice for Packing of Cargo Transport Units.

While the industry can be applauded for taking measures, more needs to be done in the way of compliance, says Allianz's global head of marine risk consulting Rahul Khanna, suggesting ports could be more vigilant in monitoring activities.

CODE GUIDANCE

The CTU code is not mandatory, but was updated from a set of guidelines to a code of practice in 2014.

"A code of practice has a different status in law, and industry is expected to follow their precepts, with some nations considering enshrining the code in law, as South Africa has done," says Richard Brough, technical adviser at the International Cargo Handling Coordination Association.

The code is intended to assist the industry, employers' and workers' organisations, as well as governments in training their staff on the safe stowage of cargo in containers.

It could also be used "as a reference base for national regulations and could become a model for internationally harmonized legislation in this field, should such requirements arise," the preface to the code states.

"ICHCA is of the strong opinion that we have reached that requirement," says Capt Brough. He adds there have been some calls to review the code, but layers of regulation are useless if no-one follows it.

Of particular focus has been the container inspection programme at the IMO, which requires reports of non-compliance to be submitted, although it has yielded little reporting so far.

"The level of reporting is not sufficient to draw concrete conclusions, improve compliance or increase safety," Mr Storrs-Fox says, adding that there is a "worrying" number of deficiencies discovered each year.

"There is a lot of apathy [when it comes to reporting]," says Capt Brough of ICHCA. "The scope should also be widened, not just to cover dangerous goods."