

# Abandoned cargo

## Understand and mitigate the risks of cargo left unclaimed

Abandoned cargo continues to present a significant operational and financial burden for transport and logistics operators across the global supply chain. Whether due to commercial disputes, consignee insolvency or regulatory complications, cargo left unclaimed at destination ports can result in escalating storage costs, legal liabilities, safety challenges and reputational damage.

Doing thorough due diligence on customers is the best way to avoid becoming responsible for an abandoned cargo, especially if it is a new customer offering a low-value or waste shipment. As soon as a landed cargo looks like it is not going to be claimed, it is important to take action quickly to minimise costs and liabilities. As always, clear communication up and down the supply chain is key.

## What are the risks?



**DEMURRAGE & STORAGE COSTS**



**ENVIRONMENTAL & SAFETY RISKS**



**CUSTOMS FINES & DETENTION**



**CONTRACTUAL DISPUTES**



**OPERATIONAL DISRUPTION**



**DISPOSAL COSTS**



**REPUTATIONAL DAMAGE**

# How can you mitigate these risks?

1

## KNOW YOUR CUSTOMER

- Vet shippers and consignees carefully
- Verify their identity and resources, and cross-check information to ensure validity
- Confirm the authority of the individuals you are communicating with
- Be wary of unexpected approaches from unknown service providers
- Be prepared to decline business which looks suspicious
- If deemed high risk request security from the shipper (cash deposit/LOI)



2

## ASSESS CARGO ABANDONMENT RISK

- Develop management controls to identify and monitor shipments with high abandonment risk
- Beware low-value cargoes, such as waste, scrap and goods for recycling
- Closely monitor high-value or perishable goods
- Watch out for countries with known restrictions on the import of certain cargoes
- Take extra care with shipments to high-risk jurisdictions
- Check sales contracts have been finalised, not 'shipped to the order of...'

3

## COMMUNICATE CLEARLY

- Ensure contract terms and conditions clearly define the responsibilities of all parties
- Specify timeframes for collection and consequences of non-compliance
- Maintain regular contact with consignees and notify them promptly of cargo arrival
- If collection delayed, issue a formal collection demand to both the shipper and consignee
- The timing for communications to commence will be dependent on the nature and value of the cargo
- Repeat collection demand within 45 days
- Send final collection demand within 90 days and warn of cargo sale or disposal at their cost
- Ensure all communications are recorded

4

## ACT QUICKLY

- If cargo remains unclaimed after the period specified under local regulations or port tariffs, immediately notify your liability insurer and relevant authorities
- Urgently seek lower-cost storage options for the cargo to minimise container demurrage and detention costs. Consult with a lawyer before destuffing a container
- If shipper and consignee instructs the sale or disposal, quickly get letter of abandonment and letter of indemnity signed by both
- Engage legal counsel and local agents to initiate sale or disposal procedures without delay
- Promptly seek to recover any outstanding costs from the shipper and/or consignee



## RED FLAGS

- A booking from a new customer wanting to ship waste products
- Shipments to countries with known restrictions on the import of certain cargoes
- Cargoes that are 'shipped to the order of...'
- A missed event in the expected process after arrival
- Cargoes coming towards the end of their 'free' period in the arrival port

