

A Note from the Editor

I would like to thank Christine Williams for all the work she did establishing the Club's e-newsletter and I hope that the readership will continue to grow under my editorship.

In this edition we have a view on Indian Port Privatisation from a leading Indian Advocate, an article about how the dreadful mudslides affected the Club's Members in Venezuela - this does not mean that we are not aware that the worst of the disaster was suffered by the people there. Also we are all very proud of the A- (excellent) rating that the TT Club received recently from AM Best.

As usual, if you have any views or comments on the articles in this, or any other issue, please let me know.

I do hope that you all enjoy reading this newsletter.

Shirin Haque
Editor

Indian Port Privatisation

On principle, it is an accepted proposition in the Government that there is a need to introduce efficiency in the Port Administration and it can be achieved only if the control, operation and management of Ports are entrusted to private operators.

The Government of India, appointed the "Babu Rajeev Committee" to review the two Port Acts, viz: The Indian Ports Act and The Major Port Trusts Act. The Babu Rajeev Committee, while recommending substantial amendments to both the laws, have provided a draft of the proposed legislation, which in turn provides for the entrustment of the ownership, control and management of the major ports to companies registered under the Companies Act, thereby restricting such vestments to Indian Companies. Therefore, if a foreign company desires to participate in the Port Privatisation Scheme, they would have to do it by setting up an Indian company. Pending legislation, privatisation will have to be restricted to the ports appointing private parties as contractors, which will have the authority to render all services which the port would render, provided that the charges levied by the contractor will not exceed those laid down by the Tariff Authority for Major Ports.

The State Governments and more particularly the Government of Gujarat have been far more enterprising in this respect. They licensed private parties to build captive jetties at Pipavav and Mundra. Now they have set up a new company called the Gujarat Infrastructure Company Ltd, jointly between the Gujarat Maritime Board and Gujarat Industrial Finance Corporation. This is a new special purpose vehicle that into joint venture with private parties for ownership and management of the waterfront and entrust the rest to the operations to different private agencies. In the process, the two captive jetties given to Gujarat Pipavav Port and Adani Port Ltd have now reverted to Gujarat Adani Port Ltd and Gujarat Pipavav Port Ltd, Joint Sector Companies, and the two private partners will control and manage the support services in addition to being joint owners of the waterfront with the State Government Undertaking.

One should await a new legislation before things happen in the Major Ports.

S. Venkiteswaran, Senior Advocate & Chairman, Pandi Correspondents Pvt Ltd - Mumbai, India

Mudslides in Venezuela

We continue to deal with the aftermath of the flood that hit parts of Venezuela and devastated much of the Port of La Guaira in mid-December last year. The Club can currently count 18 of its Members among

those transport and ship operators affected by the floods and is still working to establish the number of reefer and dry containers that were lost as a result of this natural disaster.

We were on the case as soon as the disaster struck, instructing two correspondents to undertake investigations into container losses almost immediately. According to TT Club equipment claims director, George Fawcett, this was one of the most unusual claims that the Club has seen to date and one which put its resources firmly to the test: The TT Club offices around the world really had to pull together due to the global spread of Members involved.

The TT Club has also set up an e-mail group comprising affected Members. Via this medium, the Club has been able to give them regular information on its claims investigations. In addition, Members have received photographs and videos to give them an idea of progress at the Port of La Guaira.

While this disaster has had an affect on both the Club and its Members, Mr Fawcett is keen to point out that it is the people of Venezuela who are really bearing the brunt of the disaster. While the substantial container losses may be of concern to the Club's transport and ship operator Members, this is nothing compared to the losses suffered by the people of La Guaira and the trauma that is being experienced by many families across the region. The Directors of the Club have responded to this with a donation of US\$10,000 to the Venezuelan Relief Fund.

Any other companies or individuals wishing to make a donation to the fund can find the contact details for the fund at <http://help.venezuela.homepage.com> or through your local Venezuelan Embassy.

In terms of loss prevention, there was little the Club's Members or the Port of La Guaira could have done to minimise the damage from the floods. According to Mr Fawcett, both the port and the Venezuelan authorities handled the disaster commendably and La Guaira was receiving ships and handling cargo again within a month of the disaster.

There were no measures that the port could have taken to prevent the damage. It was a natural disaster of huge proportions and nobody can prepare for such an event. This is the very reason why companies take out insurance in the first place.

Contributor: David Cheslin, Dunelm Public Relations Ltd - London

Road Transports to, from and within France

The French ministry of equipment and transport issued a ministerial order on 25 November 1999 (journal officiel de la république française, page 17495 ff), which came into force on 1 December 1999. It imposes a requirement that a carrier engaged in transport of goods to, from or within France must have with him a "tracing note" (document de suivi) for the load being carried. This document must be signed by the sender and must be produced to the police on demand. Vehicles may be impounded if the driver is unable to produce this document, properly signed. It is understood that the document will be in addition to the standard CMR consignment note. This is contrary to the practice established in France in November 1998, which was designed to reconcile an earlier edict with France's obligations under the CMR convention. The order applies to all road hauliers, whether or not they are domiciled in France. The ministry, in a statement, has said that this regulation does not apply to consignments in transit through France, although it is unclear as to how exactly a driver will be able to prove that he is engaged in a transit operation without producing a consignment note.

Another part of the regulation stipulates that the intra-Community VAT numbers of sender and consignee must be entered on the tracing note.

There are concerns that this order breaches European law and that it is also inconsistent with the provisions of the CMR convention. The International Road Transport Union (IRU), acting on behalf of its

member organisations in the road haulage industry, has formally protested to the French government that the order contravenes the free movement provisions of Article 3 of the Treaties of Rome and Amsterdam, and is incompatible with France's international commitments. It is now taking action at Community level.

Even though the legality of the new order may be questionable, the police in France have received instructions to begin to enforce it. To avoid inconvenience, delays and possible impounding of vehicles, Members responsible for freight movements to destinations in France, as well as those which cross France in transit, should make quite sure that the carrier has a completed CMR consignment note with him, signed by the sender, when the vehicle leaves the loading point. After making a delivery in France, the driver must also retain a copy of the consignment note signed by the consignee, since he may be checked by the police on his way back to base or to the next reload point.

Drivers from other EU states carrying out cabotage operations within France must also have a tracing note signed by the sender. Shipping companies engaging hauliers for deliveries to or from French ports should make sure that all subcontractors comply with the new law.

Later this year, on 2 September, a further ministerial order will come into force, which will require a driver to carry with him a document attesting to the employment relationship between himself and the transport undertaking. The ministry has confirmed that the measure is intended to cut out "moonlighting" by drivers. It has to be seen as part of the French government's policy to increase job opportunities by reducing the working week and stopping secondary employment for those already in work. It will, however, apply to all hauliers, whether or not they are domiciled in France.

Contributor: Andrew Trasler, TT Club - London

Theft of Reefer Containers in HK

In previous issues we have highlighted the issue of reefer containers being stolen from Hong Kong. The pattern of this theft is similar to all the previous ones we know been informed of in the area.

At the beginning of the year, one of the Club's Members received a faxed order from a shipper for three x 40' reefer containers for Singapore. The containers were picked up by the shipper's trucker from the Member's depot as arranged. However, changes had to be made to the arrangement but at the same time the shipper booked another two reefer containers. The Member agreed this and the extra containers were collected. Yet again, the Member was told of a further delay and the shipper wanted to order more containers. However, by now the Member was suspicious and went to check at the shipper's office. When they went they found a very small office at the address and no-one who knew of the shipper. Subsequently the office has been closed and the matter is now in the hands of the police.

As mentioned previously, these incidents have prompted the Club to issue a Stop Loss Information Sheet on container loss and theft. Some of the checks that the TT Club suggests are:

- performing industry or financial checks on new customers, particularly their business address, business registration number and financial status;
- thorough check on unknown hauliers;
- not releasing multiple container deliveries all at once, but releasing one at a time.

For import cargo delivery, the risk of theft is less likely. Nevertheless, it is still advisable to have checks in place, for example, verification of new inland container depots or deconsolidation companies, particularly if the container is not within the direct control of the operator.

For those Members of the Club who would like to receive further copies of top Loss Information Sheet No 7, please contact your nearest regional office.

London

Tel +44 20 7204 2626

Fax +44 20 7204 2727

Hong Kong

Tel +852 2832 9301

Fax +852 2574 5025

New Jersey

Tel +1 201 557 7300

Fax +1 201 946 0167

Contributor: Sandy Ip, TT Club - Hong Kong

5th International Transport & Logistics Conference and Exhibition

The TT Club will be participating in this conference at the Renaissance Hotel in Moscow from 15 to 16 May and exhibiting at the Exhibition from 16 to 29 May. Paul Neagle, the Club's Chief Executive, will be speaking on 15 May on "An Introduction to Bolero". The Club is sharing a stand at the Exhibition with GE Sea Co and I do hope that some of you will be able to come and meet some of my colleagues and friends from GE Sea Co there.

Contributor: Alan Wilkins, TT Club - London

AM Best Rating

The TT Club has recently been assigned an A- (Excellent) financial security rating by A M Best. The rating is published on the Best website (<http://www.ambest.com>) in the form of a press release. There is a full report that gives a detailed analysis of the rationale behind the rating including strengths and weaknesses. According to Best's release: "The rating reflects the Club's excellent financial strength, the benefits derived from being a mutual company and an innovative diversification strategy."

The TT Club is naturally very pleased with this news and attributes this success to the continuing dedication of its staff and support of its customers. The A- (Excellent) rating is recognition of all the hard work that has gone into developing the TT Club's business strategy over the past 30 years and for this reason we are all very proud.

Contributor: Paul Neagle, Chief Executive, TT Club

TT Cargo Questionnaire

The TT Club is developing an "all-risk" cargo facility to complement your current TT Club liability coverage. As part of the development, I would like to get a 'feel' from the membership as to your reaction to the introduction of this new TT product. If you are interested in this, please complete the following questionnaire and send your replies to:
andrew.kemp@thomasmiller.com

1. Would you be interested in insuring your cargo "all-risk" with the TT Club? Yes / No
2. Please allocate 1 to 10 points in order of importance among those areas that you feel are most important in a cargo "all-risk" program. 10 being the highest

Seamless coverage with liability program

Price

Claims service

Ease of use (eg. certificate issuance, import declarations, etc.)

Access to data (eg. How many shipments did we make last month to Port A?)

3. Would you be interested in utilising Internet technology to streamline the process of administering your cargo "all-risk" program? Yes / No

Contributor: Tom Bradshaw, TT Club - New Jersey