



We have recently encountered a claim pertaining to rejected cargo. With this case in mind, we deemed it essential to shed some light on the intricate details of this matter and the implications and liabilities that the vessel in her capacity as carrier may face.

This case started out as a matter of possible cargo damage as the cargo was hot! The cargo in question was quite specific type of iron which normally does not sustain a rise in temperature to begin with. Upon further investigation, inspection and analysis, it was noted that the cargo was Direct-reduced iron (DRI) fines instead of the contracted upon type which is Hot Briquetted Iron (HBI) chips.

Once the receivers discovered the difference and noted that a lower quality of iron was shipped to them instead of their required HBI, the cargo receivers decided to re-load the small quantity of cargo that was discharged and refused to take delivery of the cargo.

After long discussions and debates, we were able to convince all the attending parties that the cargo type is not the vessel's responsibility, as such claim should be raised against shipper/seller under the sales contract as it has nothing to do with any failure on carrier's fulfilment of their obligation under the contract of carriage.

With that in mind and given that the vessel is not liable for the type and/or specifications of the loaded cargo, we prepared few recommendations to be considered:

- Even though the shipper is responsible to load, stow and count according to the B/L however in cases of disputes before the Court, the shipper's responsibility shall be determined according to the presiding judge's discretion. Therefore, it is quite possible for the carrier to obtain a letter of undertaking from the shipper stating their liability for the quality and type of cargo.

- It is also worth mentioning at that point that accordingly to the prevailing Egyptian Customs Law, in case of mis-declared cargo, which is basically the different type of cargo in the abovementioned case, the carrier shall be liable before the court and will be fined for the cargo not to mention that the carrier shall bear all expenses associated with the re-exportation procedures of the cargoes that will not be allowed to be discharged in the Egypt.
- Once any dispute is noted, the master should not spare any time in reporting to his principals and contact the local correspondents to ensure that the right steps are taken to best protect the vessel's interests.
- It would be highly recommended if the vessel is part of a dispute that all concerned parties (owners, charterers, shipper, etc..) are actively involved so that no delay is sustained to the vessel.

Even though a vessel is not legally liable in a claim such as the abovementioned, she will be the leverage receivers use to pressure the shipper, in that instance, to submit to their claims and accept their terms. The vessel is the means of transport that will be delayed if dispute is not resolved. Accordingly, the receivers will ensure that they have the vessel's principals engaged as well to conclude matter as swift as possible.

Should you have any further queries, please do not hesitate to contact members of our team.

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