



SPICA

SERVICES

2 PHUNG KHAC KHOAN ST.
DISTRICT 1
HO CHI MINH CITY
VIETNAM
TEL : (84-28) 3823 2527
FAX : (82-28) 3823 2530
EMAIL : claims@spica.com.vn

Loss Prevention Update October 2024 – Spica Vietnam

We wish to circulate a fresh Loss Prevention Update addressing the longstanding and well-known issue of dry bulk shortage disputes and claims in Vietnam.

It is accepted in Vietnam that bulk cargo discharge weights are determined by draft survey. Only in exceptional circumstances are shoreside weigh bridge scales relied on. However, the actual conducting of draft surveys in Vietnam is fraught with practical problems which will be addressed in the following.

Manipulation of draft surveys:

Surveyors acting for cargo interests will frequently attempt to manipulate the draft survey in favor of their Principals, the cargo interests. The manipulation involves several technical elements that Members and in particular Owners need to be aware of.

- Cargo surveyors are often deliberately misreading the draft marks. As Clubs and Owners will be aware, a change in just a few centimeters in the draft reading of a handymax to panamax can change the displacement by up to 100 to 150 mts.
- The hydrometer, a device used to determine the salinity of the water that the vessel floats in, is another source of disagreement between the ship and cargo surveyors. In Vietnam hydrometers must be certified calibrated annually by local authorized workshops. Foreign vessels typically do not carry hydrometers certified to local standards but P&I draft surveyors appointed by Spica do.
- Lastly, in Vietnam the local practice when conducting draft surveys is to sound all tanks which are not mechanically blinded off. Sounding pipes can become blocked over time due to either rust or accumulation of other foreign matter. A blocked sounding pipe means that the level in for example a ballast tank may not be ascertainable and/or correctly ascertained. This will be labelled as a vessel deficiency by the cargo surveyors who may use it as a reason to refuse to complete the draft survey and instead insist on the use of shore scale figures. This is of course not in the interest of the Owner, since shore figures are inherently less precise and typically showing lesser quantity received



SPICA

SERVICES

2 PHUNG KHAC KHOAN ST.
DISTRICT 1
HO CHI MINH CITY
VIETNAM
TEL : (84-28) 3823 2527
FAX : (82-28) 3823 2530
EMAIL : claims@spica.com.vn

compared to a draft survey. A similar problem can arise if the sounding tables onboard are not for the particular ship or are not class approved.

Efforts to reason with or discuss discrepancies with cargo surveyors will be ignored and no Master should expect cargo surveyors to be amenable to revising any discrepancies produced since cargo surveyors deliberately attempt to “protect” their Principals but also because revisions to their findings would be akin to admitting they were wrong in the first place.

Vietnam does not recognize any trade allowance for dry bulk cargoes. The Bill of lading figures are binding on the carrier. Cargo interests are in other words entitled to pursue even the smallest shortage.

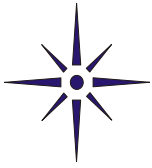
Here lies the real problem with the above modus operandi. Namely that the manipulated draft figures will often end up laying the groundwork for spurious shortage claims that are then pursued against the vessel by local cargo interests.

Whilst it is outside the scope of this update to give detailed advice on claims handling, Members should be mindful that it is easy to arrest ships in Vietnam and that courts frequently favor local interests. Club Letters of Undertaking are not accepted as security in Vietnam. The combination of these factors mean that Members frequently end up facing inflated and questionable shortage claims which, in the event the vessel is arrested, will often have to be settled under duress before the vessel can depart.

Loss Prevention:

While Spica can assist with addressing the claims and facilitating the quick departure of the ship, the aim of this bulletin is primarily to draw attention to the underlying “technical” malpractices of the local surveyors and how to best address these.

Employing a P&I draft surveyor to attend on behalf of the Member likely offers the best practical and most economical protection of a Member’s interests. The presence of a P&I draft surveyor may not prevent the cargo interests from engaging in their incessant practices but it will help Members secure their own valuable and authentic evidence which is necessary to



SPICA

SERVICES

2 PHUNG KHAC KHOAN ST.
DISTRICT 1
HO CHI MINH CITY
VIETNAM
TEL : (84-28) 3823 2527
FAX : (82-28) 3823 2530
EMAIL : claims@spica.com.vn

counter claims, should any be pursued. The presence of a P&I draft surveyor may also go some way in reining in the worst excesses of the cargo surveyors.

As mentioned, one should not expect cargo surveyors to back down from an erroneous draft discrepancy and a P&I draft surveyor should therefore ideally be present from the outset at both initial and final draft surveys.

Members should ensure that their vessel is in every respect ready and capable to carry out a draft survey in accordance with UN ECE guidelines.

- Draught marks are clear and readable
- All sounding pipes are clear and free from blocking elements
- Hydrostatic table / sounding table must be available onboard with proper classification society endorsement.

Spica Vietnam maintains a panel of professional and competent surveyors proficient in English who are well versed in conducting draft surveys in accordance the UN ECE guidelines which are adopted and recommended as best practice by all IG Clubs.

Should you or your Members require assistance or have any further inquiries please do not hesitate to contact us.

Spica Services Vietnam

2 Phung Khac Khoan Street, District 1, Ho Chi Minh City, Vietnam

Tel +84 28 38232527

claims@spica.com.vn