

CLUB CIRCULAR

Monday, August 25, 2014

BSM-RM-10/003/14

To: All Members

Off-shore transshipment of steel cargoes in Ukraine

We would like to inform Members regarding the potential risk of loading steel cargo on the offshore roadstead of Mariupol Port, Ukraine.

The new methods of loading of steel cargoes on high-tonnage of vessels established by the largest Ukrainian steel producer METINVEST in cooperation with the company TRANSSHIP on the offshore roadstead of Black Sea.

After completion of loading the initial parcel of steel cargo on board of high-tonnage vessel in Mariupol, Ukraine (Azov Sea) such vessel should proceed to the offshore roadstead in Black sea (100 miles distance) for additional loading of remaining quantity of cargo. There such additional loading up to the full capacity could be made either from the storage facilities like a dry cargo barge with stored cargo located at the transshipment point on the roadstead or directly from a lighter barge delivered cargo from a shallow port to the transshipment point on the roadstead.

But the issuing post-loading commercial documentation contains certain risks for ship-owners, in particular it relates to the issuing of a Bill of Lading. Since the completion of loading takes place on the roadstead 100 miles off Mariupol Port, it takes lot of time to prepare the Bill of Lading and a Master should empower the agent to sign it on his behalf when it is ready in Mariupol Port. But under such arrangements, the Master deprives of clausing Bill of Lading in respect of quantity cargo loaded because in accordance with the existing customs of Mariupol Port, a Master can argues quantity of cargo loaded only in case he arrange the ship's tally carried out by the independent company otherwise the Bills of Lading would be issued in accordance with the shippers' tally. As all could understand it is impossible for a Master/Owner to arrange such independent tally on the offshore roadstead. The other challenge for Master is to establish the true conditions of the second part of cargo presented by shipper for loading on offshore roadstead. Unfortunately, Master could not

rely on assistance of a surveyor for a pre-loading inspection of this parcel because it is impossible for any surveyor to be presented on offshore roadstead. Another important factor not in the benefit of the Master is that shippers, charterers and shipping agent are either Metinvest or its affiliated companies.

In order to protect vessel/shipowner interests, we could recommend as follows:

1. Along with the pre-shipment inspection of cargo intended for loading on board of the vessel in Mariupol Port berth. Owner should arrange the same inspection of cargo pre-shipment inspection of the second parcel of cargo intended for loading on the lighter for transshipment on offshore roadstead.
2. Master should arrange at least a brief examination of the cargo during off-shore transshipment from the lighter barge or storage vessel in order to establish the condition of the cargo as received by the vessel.
3. The appointment of protecting agent just for signing Bill of Lading on behalf of the Master is recommended.
4. On chartering stage the Owner is recommended to agree such provision of the Charter Party as that Master would sign Charterers' Bill of Lading "as agent of carrier"
5. The Letter of Authorization the agent for signing Bill of Lading on behalf of the Master should be properly drafted and should contain agent's liability provision.

This loss prevention circular is made according to the information our Ukraine correspondent, Azovloyd P&I Services LTD, provided, with our sincere thanks!

If our valued member has any doubt, please contact our Risk Management Department at riskmanagement@britishsteamship.com.

Yours faithfully
British Steamship Management Limited
Manager of
British Steamship P&I Association (Bermuda) Limited
www.britishsteamship.com