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## LOSS PREVENTION SHIPMENT OF STEEL CONCRETE REINFORCING BARS TO ADEN

Ships carrying re-bars to Aden are frequently subjected to huge inflated claims for alleged rust damage. The ships are arrested and held for either substantial bank guarantee securities or cash settlements.

Members who fix these cargoes should bear in mind the following:

- Great care should be taken to ensure that the pre-shipment condition of the steel is properly inserted on the bills of lading. Yemen Courts have been prepared to give effect to clauses that identify cargo as "...affected by atmospheric rust at time of loading".
- Members should never rely on any letter of indemnity issued by shippers or receivers for clean bills of lading in circumstances where the cargo is in fact rusty or otherwise damaged at time of loading
- A competent steel surveyor should be in attendance from first opening of hatches in Aden if significant sea water ingress is suspected.
- If cargo damage is suspected or receivers protest or submit any claim for cargo damage during discharge, Members should stop direct discharge to receivers' trucks until such time as receivers agree to segregate allegedly damaged cargo from sound cargo at point of discharge and to store it separately inside the port pending joint survey. Receivers should be put on written notice that Members will only contemplate claims for cargo which has been segregated and inspected in this way.

If necessary, Members should agree to pay the additional handling and port storage costs. In the long run this will be cost effective. It also preserves the opportunity for Members to reload the cargo and sell it on a salvage basis elsewhere in the event that receivers persist in making excessive demands.

The danger is that once cargo has been taken out of the port it becomes very difficult to get access to it or information about it – where it is, whether its been sold and so on. Even if receivers do allow access to their yards for joint survey or Court survey they will invariably have stacked the cargo beforehand in such a way that disguises its real condition – large stacks with most of the sound cargo hidden behind rusty bundles placed at the outer edges.

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