

Circular – Bulk Cargo shortages in Egyptian Ports

Egypt is a huge importer of grain cargoes (Wheat, Soyabeans, Maize/Corn, etc...).

These cargoes are usually discharged in the ports of Alexandria, El Dekheila, Damietta, Port Said, Safaga and Adabiya.

These cargoes are mostly imported from South America (Argentina, Brazil), United States of America and Russia.

It has been observed that there are huge allegations of shortages that occur after completion of discharge from vessels (500 metric tons or sometimes even more from consignments of 40000 metric tons more or less).

Figures in the relevant Bills of Lading are determined either by Draft Surveys or as a lump sum quantity at ports of load. Quantities of discharged cargoes in Egyptian ports are usually determined again by Draft Surveys and seldom by shore figures through the Custom Authority's weighbridges.

As a result, huge claims are being brought up by consignees. Due to the rather unhelpful slow bureaucratic legal system in Egypt and aggressiveness of consignees aided by local shipping agents (nominated by charterers/consignees), the owners are almost defenseless and vessels are usually detained/arrested by these consignees and cash settlements are demanded by them with complete rejection of any Club Letters of Undertaking or even bank letters of guarantee. Most vessels calling at Egyptian ports are with sealed holds and seals are usually found intact but unfortunately this is not being considered by the consignees in anyway. Consequently, owners are reluctantly forced to go through negotiations to reach quick settlements so that their vessels are not to be delayed/arrested.

The main reason behind this is that the consignees are aware of the owners reluctance to have the vessel delayed due to the value of daily higher for these vessels, which the consignees are taking advantage of.

Natural Trade Allowance is merely a 'custom of trade' in Egypt and accordingly most consignees reject to adopt such an allowance. The allowance is 0.5% in this respect.

Clubs' surveyors are instructed to conduct Draft Surveys to determine the quantities of discharged cargoes but unfortunately consignees refuse to consider the calculations thereof and only consider the Draft Survey calculations conducted by their surveyors. Weighbridges of the Custom Authority usually give inaccurate readings and so cannot be depended upon...

The probable cause of such huge shortages would be mis calculations of Draft Surveys carried out at ports of load. This may be done intentionally in agreement between the shippers and consignees especially in cases of huge shortages.

Owners may also face huge custom fines/penalties as a result of such shortages in accordance with the Custom Authority's laws and regulations.

Based on the above, it is recommended that owners are to arrange with the charterers/shippers for joint draft surveys so as to have accurate calculations for quantifying the cargo shipped on board vessels under full supervision and control of Masters/chief officers. Owners' Superintendents may also be present during such calculations to ensure proper and accurate calculations.

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