

MEMBER ALERT



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BAGGED RICE CARGOES FROM THAILAND

It has recently been brought to the attention of your Managers that Thailand, in order to increase its export trade, intends to release stockpiles of rice accumulated from harvests dating as far back as 2005.

Thailand, which for decades had been the world's largest exporter of rice, fell behind India and Vietnam in rice exports in 2012, and is now attempting to regain its status as the world's rice export champion. Thailand has in excess of twelve million tons of rice in its stockpiles and it is expected that the country will seek to export a large portion of them.

Because there are numerous Members engaged in the bagged rice trade between Southeast Asia, West Africa and points in between, your Managers strongly recommend that such Members take the necessary precautionary and preventive measures to best protect themselves from unnecessary cargo quality, shortage and sweat / condensation claims that are inherent with bagged rice cargoes.

As always, it is prudent for Members to arrange precautionary preload surveys through the Managers who, with the assistance of the Club's local correspondents, can ensure that a duly qualified surveyor will attend the loading operations and conduct the necessary tally and/or draft surveys.

It is also recommended that randomly selected bags be periodically weighed to verify the represented weights and to avoid potential shortage claims. Also important in the context of the increased exportation of older rice stockpiles from Thailand is the pre-shipment moisture content of the rice cargo to be loaded. Cargo quality certificates should be closely reviewed and assessed and, if warranted, representative cargo samples should be jointly obtained with charterer and/or cargo interests to preserve and support an inherent vice defense.

Members should also take steps to ensure, *inter alia*, that:

- the governing fixture or charter party is appropriately worded to allocate the risk and responsibilities of properly loading, stowing, dunnaging and/or discharging the cargo upon the charterer, and that the fixture includes sufficient wordings to preserve any rights of indemnity or contribution from charterer for the breach of any such responsibilities;
- the charterer and/or its agents use proper dunnage to afford sufficient protection and insulation from the hold walls, and minimize any potential condensation from changes in temperature;
- precautionary surveys are arranged at the discharge port(s) to complement the preventive measures undertaken at loading; and

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- the Member immediately notify the Managers with respect to any events which give rise to a potential exposure to the vessel during loading, during the performance of the voyage and/or during discharge.

Your Managers will be issuing comprehensive loss prevention guidance for the carriage of bagged rice which will be the subject of a Club Circular in the near future. In the meantime, Members are encouraged to follow the general principles set out above in light of the recent developments in Thailand, and as part of an overall loss prevention approach for the carriage of bagged rice cargoes out of Thailand.