

December 2003

**TO ALL MEMBERS**

**The Britannia Steam Ship  
Insurance Association Limited**

*Managers*  
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**Carriage of Steel Products**

The Association's policy of arranging and paying for surveys on cargoes of steel products was set out in the circular dated September 1986.

Following concerns by Members that some surveys may not be cost effective the Association has decided to revise its policy. In future, surveys as detailed in this circular will merely be recommended and Members will therefore be free not to undertake these surveys. Where surveys are undertaken in accordance with this circular they will continue to be funded by the Association.

The circular dated September 1986 set out the areas of the world where loading and/or discharging surveys were required. Experience since that date has shown that some amendments are necessary and the revised arrangements are set out below.

**Loading Surveys**

Loading surveys are recommended on cargoes exceeding 500 tonnes and consisting of the following finished products:

Galvanized Coil	Tin Plate
Wire Rod in Coil	Galvanized Iron sheet
Cold Rolled Steel Coil or Bundles	Steel Pipe (coated and uncoated)
Steel Plate	

These loading surveys are recommended when loading in:

- (a) European ports.
- (b) The Former Soviet Union including Baltic, Black Sea and Pacific Rim ports.
- (c) Any port when the port of discharge is in the USA or Canada, except where the cargo is loaded in Japan or Korea and a 'Retla Clause' is put on the face of the bill of lading.
- (d) Any port when the port of discharge is in the People's Republic of China.

Loading surveys are NOT recommended on cargoes of:

Steel Bars

Tubes

Slab Billets

Hot Rolled Steel Coil or Bundles

Beams

Angles

Channels

### **Discharge Surveys**

Discharge surveys are recommended at European ports (excluding former USSR Baltic and all Black Sea ports), US and Canadian ports on cargoes exceeding 500 tonnes and consisting of the following finished products:

Galvanized Coil

Wire Rod in Coil

Cold Rolled Steel Coil or Bundles

Steel Plate

Tin Plate

Galvanized Iron sheet

Steel Pipe (coated and uncoated)

To ensure that clear and concise instructions are given to surveyors appointed to assist the Master in clausing bills of lading, or to survey cargo upon discharge, requests for a surveyor's attendance should be made either to the Association's local correspondent or direct to the Association.

Attached to this circular are copies of our circulars dated 16 April 1971 and 1 November 1977. The points mentioned therein remain valid and should be brought to the attention of Masters serving on ships which carry or are likely to carry steel products.

Yours faithfully

Tindall Riley (Britannia) Limited

Managers

**This circular should be placed in the Binder in Section 2. Cargo**

16 April 1971

## **CARRIAGE OF STEEL PRODUCTS**

It is considered necessary to draw Members' attention, once again, to some of the important problems inherent in the carriage of steel products.

Although circulars have been issued in the past and specific advice given to Members engaged in this trade it is felt that certain points need emphasising and some new ones made in the light of the numerous and substantial claims which have been made in recent years by the receivers of steel products of all kinds and, in particular, by receivers in the United States.

Previous circulars concerning the situation at the ports of loading headed "Letters of Indemnity" were dated on the 22nd October 1963, 28th February 1964 and 28th May 1965; these dealt primarily with the necessity for clausing bills of lading together with the question of acceptance of letters of indemnity.

**Loading surveys and clausing of bills of lading.** The importance of recording accurately, by means of clauses on the bills of lading, the condition of steel products when loaded cannot be emphasised too strongly. It is essential that surveyors are instructed to attend the vessel so that advice and assistance can be given to the master and officers regarding the correct clausing of mates receipts and bills of lading. Members are asked to get in touch with the Managers or directly with the Association's representatives at, or nearest to, the loading port requesting the appointment of a surveyor. This should be done as far in advance of the loading date as possible.

It is appreciated that shipowners are frequently pressed to issue clean bills of lading, often in exchange for letters of indemnity; this is most prevalent in Japan. Members are again reminded that acceptance of such letters will seriously prejudice the extent of recovery from the Association in the event of claims for damage to the cargo being made which could have been avoided if the bills of lading had been appropriately claused.

**Signing of bills of lading.** Shipowners should, by an appropriate clause in the charter party, endeavour to ensure that they reserve unto the masters (or to their own agents) the right to sign the bills of lading; this right should not be delegated to charterers or their agents. Only in this way is it possible adequately to ensure that the bills of lading are properly claused.

**Surveys at Discharging Ports.** Surveyors should always be employed at the ports of discharge so that the exact condition of the cargo at the time of discharge can be accurately established. This is a safeguard against unjustifiable claims and against the possibility of claims being based on surveys which take place at the inland destination of the cargo some months after discharge. Such surveys should be arranged in advance, either through the Managers or through the Association's local representatives. Alternatively, the master himself should contact the Association's representatives direct (rather than through the agents who may be the charterers' agents) and this is particularly important where conditions on the voyage have led the master to anticipate damage to the cargo.

**Charter Party Clauses.** The Association's lawyers in United States ports continue to be faced with problems arising out of the wording of some of the clauses in the charter parties commonly used. Members are strongly recommended to insist on the incorporation of clauses which make abundantly clear where responsibility lies for loss of and damage to the

cargo. The loading, stowage and discharge of cargo is normally carried out by stevedores appointed by the charterers; it is suggested, therefore, that responsibility for all loss and damage arising during these operations should rest with the charterers and the clauses in the charter party should state this clearly. The Managers will be pleased to recommend appropriate wording. The incorporation of the Hague Rules in the charter party, by means of a clause paramount, can give rise to difficulty and should be avoided.

**Hatch Covers.** Perhaps the most frequent cause of major claims is damage to the cargo caused by rusting and pitting due to the entry of seawater into the holds. This problem has increased with the use in the trade of bulk carriers, such vessels usually having large mechanical steel hatch covers which need constant and careful maintenance if they are to remain watertight. Members are reminded of the very high duty of care placed upon them by the Hague Rules, the strict interpretation of which by judges in the United States and elsewhere makes actual inspection of the hatch covers and coamings at the commencement of every voyage a necessity. If any defect is found, repairs should be carried out immediately. A report from the master to the effect that the hatch covers were thoroughly examined at the commencement of the voyage and any repairs found necessary carried out together with supporting evidence in the form of a survey report or a repair account would be of considerable assistance in repudiating claims based on alleged "unseaworthiness".

We are sending to Members whose ships have been or may be in the future engaged in this trade sufficient copies of this circular for one to be sent to the master of every ship and we ask that this be done promptly.

1 November 1977

## **CARRIAGE OF STEEL PRODUCTS FROM JAPAN**

We would like to refer to our circulars issued by this Association from time to time on the question of carriage of steel products. In particular, we would draw your attention to a circular issued in April 1971 and for the convenience of new members in particular we attach hereto a copy of that circular.

The paragraphs in the circular of 16th April 1971 relating to the issue of clean bills of lading in exchange for letters of indemnity, the signing of bills of lading, surveys at discharging ports, charter party clauses and hatch covers are still relevant and we would merely take this opportunity of emphasising the importance of the Masters of your ships being aware of these potential problems.

We would especially draw your attention to the paragraph on hatch covers because they continue to give rise to substantial claims on cargoes of all kinds and steel in particular; proper maintenance of these hatch covers is essential.

We have recently carried out a thorough investigation into the problems of loading surveys for the carriage of steel from Japan with particular reference to the West Coast of the United States where the views of our lawyers have been ascertained and discussed at length.

We have come to the conclusion that if surveyors are to be appointed to examine the cargo prior to loading and to assist the Master in clausing the bills of lading in a way which will be of use in an American court then very clear and precise instructions must be given to those surveyors. To ensure that such instructions are given to the surveyors it is essential that the appointment be arranged through the Association's local correspondents.

However, the use of the Retla Clause, to which considerable publicity has been given and a copy of which is attached hereto, does mean that in the United States it is possible to obtain some protection with regard to claims if a properly claused mate's receipt can be produced. It must be emphasised that neither the Retla Clause nor a claused mate's receipt is of use without the other because the Retla Clause is designed to permit in court proceedings the introduction of evidence to show the true condition of the cargo at the time of shipment and the evidence to be produced in court, that is, the mate's receipt, must be detailed and accurate. Given, therefore, the Retla Clause and properly claused mate's receipts a defence to claims for rust damage can be put forward without the use of specialist surveyors by using the tally clerks or checkers customarily employed to examine the cargo before loading.

Failure to observe one or other of the procedures set out above will, it must be emphasised, prejudice the owners' ability to recover any claim that has to be paid from the Association. Either the Retla Clause and a properly claused mate's receipt assisted by the tally clerks or checkers must be obtained or surveyors should be instructed as indicated in this letter and the bills of lading claused appropriately.

For the sake of clarity we must emphasise that the Retla Clause is unlikely to be recognised in any country other than the United States.

In this new situation we shall be keeping a very close watch on claims arising in the United States. When a claim does arise we shall wish to know whether surveyors were or were not appointed, what remarks were made on the mate's receipts and whether the Retla Clause was stamped on the bill of lading. If, at the end of a two year period it is found that claims have increased then we shall reconsider our decision.

We are sending you sufficient copies of this circular and of the documents attached to it for one to be sent to the Master of each of your ships. If you require further copies please let us know.

#### **RETLA CLAUSE**

"THE TERM 'APPARENT GOOD ORDER AND CONDITION' WHEN USED IN THIS BILL OF LADING WITH REFERENCE TO IRON, STEEL OR METAL PRODUCTS DOES NOT MEAN THAT THE GOODS, WHEN RECEIVED, WERE FREE OF VISIBLE RUST OR MOISTURE. IF THE SHIPPER SO REQUESTS, A SUBSTITUTE BILL OF LADING WILL BE ISSUED OMITTING THE ABOVE DEFINITION AND SETTING FORTH ANY NOTATIONS AS TO RUST OR MOISTURE WHICH MAY APPEAR ON THE MATE'S OR TALLY CLERKS' RECEIPTS."