

P & I REVIEW – Russian Black Sea Coast

Presented by Correspondent Oleg Shashkin

Manager of CIS PandI Services Ltd, Novorossiysk

Novorossiysk, 2013

HEAD OFFICE

P.O.Box 54189.
Suite 102, 118 Anexartisias Str.,
3040 Limassol,
Cyprus
Tel: +357 (25) 763 340
Fax: +357 (25) 763 360
Email: ho@cispandi.com
Web: www.cispandi.com

OFFICES :

Moscow	Sakhalin
Novorossiysk	Odessa
St.Petersburg	Kiev
Murmansk	Izmail
Klaipeda	Mariupol
Tallinn	Tashkent
Vladivostok	Alma-Ata
Nakhodka	Shanghai
	Phnom Penh

CONTENTS:

1. Bunkering of vessels transiting Russian ports.
2. Handling of claims occurred in inland waterways of Russian Federation and at peripheral ports of a Russian Black Sea coast.
3. Hydraulic Impact claims.
4. Aspects of safety of carriage of finished steel from china via port of Novorossiysk (import cargo).

1. BUNKERING OF VESSELS TRANSITING RUSSIAN PORTS.

As the quality and cost of bunker in Russian Black Sea coast has become more attractive to the charterers in comparison with other world suppliers, there is a substantial increase of bunkering of vessels transiting in Russian ports, however it was recently revealed that such transit bunkering may be considered problematic in Russian Federation due to the customs of Russian Federation.

According to the Customs Code of Customs Union (this document has been the main Law regulating all the customs operations since 01.07.2010) the bunker for vessels is to be considered as provisions with no dues to be paid, however, procedure of bunkering if the vessel is in transit, but not calling port for cargo operation is considered by customs as loading of bunker and not as it's supplying or re-supplying. Therefore customs in this instance is applying duties on the bunker quantity taken by vessel. This customs view supported by and expressed in the official Letter of Federal Customs Service № 01-11/64284 dated 30/12/2010 which does not allow to declare the bunker for vessels in ballast transiting the countries of Customs Union (includes Russia) as provisions, therefore the dues for such bunker should be fully paid like for cargo.

To avoid such dues the bunkering companies have developed a procedure of arranging formal loading operations for a vessel where the cargo may be several barrels of cheapest oil supplied to vessel for free. These operations are declared then as an official loading and in this case customs does not apply dues on bunker. We have not recorded any problems with such "bunker calls" yet, but some Members and Clubs are considering such operations as fake and rejects to carry out such calls being concerned about customs action.



From the legal point of view, considering that the vessel is calling for loading, the Customs Authorities may not prohibit the vessel to take supplies. We also have an opinion that such formal operation has to be considered as fully legal without any breaching of the Law of Russian Federation and therefore we do not expect any difficulties with customs in respect of the above mentioned.

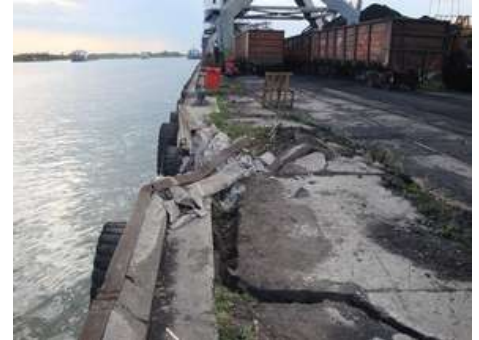
Our only recommendation is to pick up all original Bills of Lading for cargo of barrels in this formal loading for further avoidance of unnecessary hassle when theoretically somebody could submit to Owners the bills issued in this formal loading.

2. HANDLING OF CLAIMS OCCURRED IN INLAND WATERWAYS OF RUSSIAN FEDERATION AND AT PERIPHERAL PORTS OF A RUSSIAN BLACK SEA COAST.

We noted the increase of Members of IG having substantial amount of ships with river and coastal sailing regions. Number of such ships are always present in Russian inland waterways trading during summer navigation. As sailing conditions are



tough, there is an increase collisions accidents with FFO owned by private or governmental bodies.



Settlement of related claims has number of peculiarities which can be treated differently in each case but which may raise the following difficulties to arrange vessel's prompt departure:

- 1.** Non-awareness of what P&I club is and its relation to the event.
- 2.** Susceptive attitude or none acceptance of LOUs in full, especially with mentioning of English Law.
- 3.** Tendency to relate only with the Owners of vessel rather than with Club's representative.
- 4.** Exaggeration of a loss amount and non acceptance to jointly calculate the actual costs for security arrangements.
- 5.** Applying hard pressure methods of stopping the vessel including the employment of local connections without considering possible retaliation.

As a result of such attitude, and in order to enable the vessel to leave promptly, the Owners and Club should be prepared to:

- 6.** Members to issue the Guarantee on their behalf and without indication of amount.
- 7.** To conduct payment of reasonable sum directly without counter-produced financial documents by claimant.
- 8.** To be prepared for dispute in court against highly exaggerated amount.
- 9.** To be prepared to arrange the recovery by Owner's/Club's own means without involvement of claimant.

Although the general situation is improving, the above is still actual and the probability of occurrence of such situations is quite high especially in small remote ports.

3. HYDRAULIC IMPACT CLAIMS – EVIDENCE COLLECTION BY SHIP. DEFENCE MODEL.

We have recently handled several cases where tanker vessels had been blamed for manipulation by their cargo systems causing hydraulic impacts damages to terminals pipe and valve systems. So far such claims were not successful and the involved vessels were not detained. Nevertheless the risk prevails and we wish to draw owners' attention to it.



It is often when terminal is trying to reduce loading time by increasing loading rate higher than agreed and this is causing the accident. Vessels are recommended to monitor continuously the loading rate by periodical measurements of volumes of incoming cargo. It is also recommended for vessel to monitor continuously the pressure on the manifold (loading pressure) by installing pressure-gauge in cargo line closer to the manifold or in manifold. The terminal should be informed immediately of any access of loading rate.



Another cause of impact is when the pressure in shore cargo line might drop down quick due to surcharge and this may cause a venturi effects (vacuum) on the ships valves effectively causing them to shut. Under such circumstances a logged pressure on manifold can be of a great assistance for the Owners to at least to obtain a correct cause of the impact.



4. ASPECTS OF SAFETY OF CARRIAGE OF FINISHED STEEL FROM CHINA VIA PORT OF NOVOROSIYSK (IMPORT CARGO).



We noted increase of shipments of finished steel from China into Russia via port of Novorossiysk with further transshipment of this cargo by vessels and land transportation into mainland or abroad. Most cargoes were subject to remarks in outturn reports. In our observations the main reason for



remarks are "stevedores cause" in port of discharge due to utilizing of un suitable handling equipment, however there are also other causes which can be prevented and/or observed in the load port.



Type of steel mostly imported is galvanized and painted sheet steel in coils, to be used mostly for profiles for roofs, fences and other objects required long term physical protection. Oval and edge damaged coils as a result of too many tiers of coils and over pressure during carriage in such stowage on board



may not be processed by the un-coiling machines and can be rejected at high commercial loss of value. The internal coating and cushioning is also affected.

In most cases when there is a 3 tier stowage onboard the vessel – although the vessel’s tanktop strength is not affected by such stowage it then may be observed that half of the coils of bottom tiers will be at great risk of damage having become an oval shaped on arrival.



Pre-shipment survey may not reveal the damages in the lower un-exposed tie or the damage would have happened during the voyage due to vessel laboring hard.

In order to avoid such unnecessary claim and defense it is recommended to correctly estimate the risk of such damage for this particular cargo. And avoid excessive loading.

Members operations and claims department are advised to closely monitor the loading via surveyors and ship’s staff and issue letter of protest to Shippers, Terminals and Charterers insisting when in doubt.

*CIS PANDI SERVICES LTD
Novorossiysk Branch*