



Carefully to Carry

Container crime

Estimates in 2000 put the annual cost of cargo crime worldwide at between US\$30-50 billion, so how safe is container cargo whilst in transit?

The favourite locations for this type of crime are at ports, terminals or during road or rail transport. Whilst onboard a vessel, container cargo poses less of a risk and yet all too often the vessel operators find that they are the focal point of a claim. The reason for this is due to the fact that the operator:

- Constantly accepts containers onboard without actually checking the seal.
- The contractual terms of their bill of lading provides coverage from door-to-door.
- Their assets are often more easily accessible than that of other parties.

Question

"What control does the issuer of a bill of lading have as to the safety of a laden container whilst in transit and storage?"

or

"How reliable are their agents in complying with the release terms of a container's cargo?"

Whatever type of container is used, its safety relies on its own security safeguards and those in place throughout its journey.

The introduction of containers was a technological advancement in the safe movement of cargo that has had a major impact on the reduction of cargo pilferage. However, this type of transport has become the notable asset to the organised criminal, primarily due to the cargo involved, which offers substantial profits with minimal chance of detection.

Cargo in transit has and always will be the subject of crime. The distance involved in this type of movement, combined with the various handling procedures in place during its journey, presents a major obstacle. Without an investigation it is extremely difficult to identify where a loss occurred and who carried it out. This is obviously very important when a bill of lading provides a door-to-door service.

If a container is correctly stuffed and its doors secured, there are only three ways that an unlawful entry can be gained:

- The removal of a section of the container's body.
- Interference to the seal or seals on the outer container door.
- Interference to the container doors. The weakest links tend to be the pivot rivet connecting the door handle to the handle hub, the rivet to the swivel seal bracket and the rivets on the door hinges.



"The carrier shall properly and carefully load, handle, stow, carry, keep, care for and discharge the goods carried."

Hague Rules,
Articles iii, Rule 2

Carefully to Carry Advisory Committee

This report was produced by the Carefully to Carry Committee – the UK P&I Club's advisory committee on cargo matters. The aim of the Carefully to Carry Committee is to reduce claims through contemporaneous advice to the Club's Members through the most efficient means available.

The committee was established in 1961 and has produced many articles on cargoes that cause claims and other cargo related issues such as hold washing, cargo securing, and ventilation.

The quality of advice given has established Carefully to Carry as a key source of guidance for shipowners and ships' officers. In addition, the articles have frequently been the source of expertise in negotiations over the settlement of claims and have also been relied on in court hearings.

In 2002 all articles were revised and published in book form as well as on disk. All articles are also available to Members on the Club website. Visit the Carefully to Carry section in the Loss Prevention area of the Club website www.ukpandi.com for more information, or contact the Loss Prevention Department.

The presence of a seal on a container may provide evidence that its cargo has remained secure throughout its journey, but it is not an anti-theft device. Fortunately, there have been significant advancements in the design of seals which act as an additional deterrent against the loss of cargo from containers whilst in transit.

These improvements alone will not prevent an attack on a container, because if given the time, situation and the tools, the criminal can remove virtually any seal or section of a container's door. As with a container, the extent to which a seal offers protection is only as good as the system into which it is introduced.



Main photo and inset show part removed pin on sealed door handle



Assorted door seals

For this reason it is imperative that issuers of bills of lading are satisfied that the procedures in place throughout a container's movement meet their requirements. If they do not, take heed, for resourceful criminals know what containers to attack and the weaknesses in the operational system to enable them to carry out the crime.

In many instances, where improved security procedures have reduced the opportunity of a loss occurring at a port or terminal, they have not prevented the criminal from identifying a suitable cargo to steal once it has left that location.

There is therefore a need to constantly review procedures. For instance:

- Are you satisfied that a container was correctly secured before departure from the shipper's premises?
- Are you satisfied with the haulier contracted to move a laden container on your behalf?
- Do they use sub-contractors? If so, are they suitable to undertake this work?
- Are transport instructions issued to the haulier?
- How efficient is the checking procedure of a container on its arrival at a port?
- Is there a physical check prior to a container being loaded onto a vessel? Accepting the operational and financial aspects that are involved when discharge and loading takes place, it is this weakness in the system which is constantly exploited by criminals, who remove cargo prior to loading.
- Is the seal physically checked when the container is offloaded at the destination port?
- Is the seal checked when the container leaves the port?
- Is there a procedure in place should there be an alleged irregularity on delivery? It is important whenever there is a potential loss that:
 - The seal sections are retained.
 - Special attention is given to the container's doors, in particular as to whether there are any different shaped rivet heads or signs of repainting.

Any irregularity should be noted, with consideration being given to a surveyor's examination. It is imperative that a carrier's agent complies with the cargo release terms, which generally requires the presentation of the original bill of lading.

The case of *Motis Exports v Dampskibsselskabet AF 1912* and *Another* emphasised this point.

On occasions agents show a lack of judgement in not complying with the release terms, but take an alternative approach without first obtaining the required authority. Such action usually relates to:

- A consignee's letter of credit.
- A consignee's letter exonerating the agent from their action.
- A bank guarantee confirming that sufficient funds exist in an account on a specific date.
- Agreement between agent and receiving party.
- Shipper's extended credit facility, minus the authority to release the cargo.