

UK P&I CLUB



LP Bulletin

Friday 20th October 2017

Bulletin 1144 - 10/17 - Customs Notifications for LNG shortage, Surat - India

A number of notifications have been received by Members operating LNG tankers, from The Superintendent of Customs in Surat, concerning alleged shortages for recent shipments of LNG to Hazira LNG.

A number of notifications have been received by Members operating LNG tankers, from The Superintendent of Customs in Surat, concerning alleged shortages for recent shipments of LNG to Hazira LNG. The notifications require local agents to explain, in accordance with section 116 of Customs Act 1962, why there has been a shortage upon discharge. The notification typically gives the agent a short timeframe within which to respond.

Whilst the basis upon which these notices are being issued is questionable, local Club correspondents Pandi Correspondents advise that a letter explaining that it is customary in the LNG trade for cargo to boil-off during transit, be burned as fuel and be retained as "heel" depending on the LNG vessels design should be prepared and lodged with Surat Customs House to avoid any default proceedings. This is particularly relevant since LNG vessels with on board reliquefaction systems which are designed to reliquefy the boil off, such that there is no loss of cargo during transit may also call at this port. In order to bolster that explanation we recommend that the Club's publication "Liquefied Natural Gas" is appended to the agent's letter. A link to the publication is set out below:

Liquefied natural gas - <https://www.ukpandi.com/knowledge-publications/article/liquefied-natural-gas-1076/>

Should the Superintendent of Customs still not accept the Member's explanation for the apparent discrepancy, a notice to show cause will be issued and an oral hearing set down to consider the matter. Should that occur correspondents recommend that a legal representative be appointed to represent the Member.

If Members have any questions or would like further guidance on this subject they should not hesitate to consult their usual Club contact.

Source of Information

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