

LP BULLETIN

Friday 14th December 2007

Bulletin 557 - 12/07 - Misdeclaration/Non-declaration of Dangerous Cargoes - China

In recent proceedings before a Beijing court a Chinese chemical company has been ordered to pay more than 65 million US Dollars in compensation to five overseas insurers over an incident in 2000, when a leak of misdeclared corrosive chemicals damaged a Malaysian cargo plane.

A company based in Dalian shipped a cargo of 80 barrels of Oxalyl Chloride (which is highly acidic and corrosive) onboard a Malaysian Airlines Airbus. The cargo was misdeclared as 8-Hydroxyquinoline. The survey report issued to comply with the pre-loading formalities confirmed that the cargo was 8-Hydroxyquinoline and could be loaded, transported and discharged as ordinary cargo. It was later discovered that the survey company did not actually inspect the cargo sample but merely adopted a survey report used for a previous shipment and changed the airway bill number.

When the cargo was being discharged in Malaysia, the cargo leaked and caused significant damage to the aircraft, causing it to become a Constructive Total Loss. The airline and its insurers sued the shippers in the Beijing High Court, which found fault on the part of the Shipper and ordered it to pay more than 65 million U S Dollars to the claimants. The survey company was also found liable for a lesser amount. It is not yet known whether an appeal will be lodged.



This case presents a timely reminder of the dangers of misdeclared dangerous cargoes. Whether in the airline or the shipping industry, the consequences of shippers misdeclaring cargoes can have drastic effects. In the case, for example, of container explosions and fires, losses much greater than the value of the ship/aircraft may be suffered. The consequences for all involved are serious and liability often falls on a party (the shipper) who is not insured for the risk. The short term saving of a few Dollars in not declaring a dangerous cargo can be dwarfed by the long term consequences of an incident occurring; quite apart from the risk to life and property, with the high values of ships and cargo engaged in the container trade, a container fire can literally turn a shipper bankrupt overnight. Every opportunity should be taken to remind everyone engaged in international trade of the risks so as to improve internal practices and raise the level of safety throughout the industry.

Visit the Loss Prevention area of the Club website for publications and advice concerning the carriage of dangerous goods. <http://www.ukpandi.com/ukpandi/infopool.nsf/HTML/ShipHazardous>

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