

SEMINAR ON DEMURRAGE

THEME

HOW TO AVOID CONTAINER DEMURRAGE – PERSPECTIVE OF SOAAG

BY

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WHAT IS DEMURRAGE

- IT IS THE USE OR HOLDING OF CONTAINERS BEYOND FREE TIME OR DAYS GIVEN WITHIN THE PORT OR TERMINALS.

WHAT IS DETENTION:

- IT IS THE USE OR HOLDING UP OF THE CONTAINERS AFTER THEY LEAVE THE PORT OR TERMINALS TO CLIENTS PREMISE OR DESIGNATED AREA.
- SOME LINES HAVE HOWEVER MERGED DEMURRAGE/DETENTION TO CALL IT DEMMURAGE

FREE DAYS:

- WE ALL KNOW THAT MOST IMPORTER ENJOY SOME FREE PERIOD OUTSIDE THE NORMAL 7 DAYS FOR DRY CONTAINERS ie 3-5 DAYS FOR REFER UNITS. THIS IS VIRTUALLY THE FREE PERIOD SHIPPING LINES GRANT CONSIGNEES AFTER CONTAINERS ARE DISCHARGED AT POINT OF DESTINATION.

NEGOTIATION OF FREE DAYS:

- WITH ORIGIN OR DESTINATION SHIPPING LINE OFFICES ALL DEPENDING

OWNERSHIP OF CONTAINERS

- SHIPPING LINES RENT/HIRE MOST OF THE CONTAINERS THEY USE TO PROTECT CUSTOMERS CARGO DURING SHIPMENT AND THE CHARGE INCLUDES HOLIDAYS, NON-WORKING DAYS AND WEEKENDS EVEN IF CONTAINERS ARE NOT USED. ONCE RENTED/HIRED THE LINES HAVE TO PAY TILL HIRE OR RENTED PERIOD IS RETURNED.

SOME CAUSES OF DEMURRAGE

- CONSIGNEE DID NOT RECEIVE DOCUMENTS TIMELY.
- RECEIVED DOCUMENTS IS INCORRECT OR INSUFFICIENT
- CONSIGNEE NOT AWARE OF CARGO ARRIVAL
- LACK OF FINANCE
- DISPUTE BETWEEN SHIPPER AND CONSIGNEE
- WRONG CARGO RECEIVED
- INTERVENTION BY AUTHORITIES eg CUSTOMS, STANDARD BOARD, PORT HEALTH.

TIP

- BEFORE SHIPMENT OR ORDER IDENTIFY IF THERE ARE ANY SPECIAL REQUIREMENTS THEN CONSIDER NEGOTIATING EXTRA DAYS TO COVER THE EXPECTED DELAY.
- ENSURE RIGHT CARGO IS SENT TO YOU.
- COMMUNICATE REGULARLY WITH SHIPPER, YOUR FORWARDER AND AGENT SO THAT CARGO IS PROPERLY TRACKED.
- IF L/C ENSURE TO MAKE ARRANGEMENT WITH BANKS TIMELY
- IF NOT L/C CHECK IF IT COULD BE EXPRESS RELEASE, SEAWAY BILL OR TELEX RELEASE.

TIP

- LET SHIPPERS SEND DRAFT B/L TO ENSURE ALL IS CORRECT BEFORE SHIPMENT.
- GET A PROFESSIONAL AGENT OR CHB OR FORWARDER TO HANDLE SHIPMENT AFTER ORDER IS COMPLETED AND GIVE THEM ALL NECESSARY CONTACTS.