



WORLD WIDE CLAIMS SERVICES

UAE UPDATE

On 3rd May 2018 UAE has enacted Federal Law No. 6 of 2018 on Arbitration in Commercial Disputes. The Law replaces the former Law governing Arbitration in UAE. There are many significant features in the new Law which is aligned with international standards and the New York Convention to which UAE is a signatory. This is a welcome development and consolidates UAE's position as an ideal Arbitration Centre in the Middle East.

FREIGHT FORWARDING – UNRELIABLE CUSTOMERS

A **Forwarding Company** in Abu Dhabi was instructed by a customer to ship one car, a Range Rover from Abu Dhabi to Spain. Though the customer declared the value of the car as AED 100,000, the Abu Dhabi Customs valued it as AED 75,000. On behalf of the customer, the Forwarder paid the local charges, ocean freight and the Port / Customs dues.

On arrival at destination, the Spanish Customs authority revalued the car based on their tariff and determined the value as EURO 72,900. They imposed Duty of Euro 6461.05 and VAT at Euro 15,177. The customer disputed the Customs duty and VAT pointing out that it is a temporary import as the car would be shipped back to Abu Dhabi after sometime. Since this was not declared earlier, the Customs refused to waive the Duty and VAT. They also imposed a penalty alleging fraud by the customer for under declaring the value of the car. The Agent in Spain had to settle all these costs.

The customer refused to pay any of the costs incurred in Abu Dhabi and Spain and instructed the Forwarder to bring the car back to Abu Dhabi. The Forwarder refused to do so and demanded that the customer first settle all the expenses incurred by them. They also informed the Agent in Spain not to ship the car to Abu Dhabi or release it to the customer without their consent.

All this while, the car was lying in the Port in Spain. While the dispute was going on between the customer, Forwarder and their Agent, the Line inadvertently loaded the car and brought it to Abu Dhabi ! After arrival in Abu Dhabi, the Line realised their mistake and took it back to Spain !



“ Our destiny is not created by the shoes we wear. But by the steps we take.”



.....2

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In the meantime, the customer who was in contact with the Agent in Spain paid them all their dues and took delivery of the car. They did not settle the expenses incurred by the Forwarder in Abu Dhabi. The Forwarder held the Agent responsible for ignoring their instructions and releasing the car.

The Forwarder and the Agent in Spain are Members of WCA. The Forwarder lodged a complaint with WCA. The case was debated at length and finally a ruling was given in favour of the Forwarder by which they recovered 50% of their expenses from the Agent.

The incident highlights the risks faced by Forwarding companies. They should always deal with reliable customers and ensure that payment of their dues are guaranteed.

PACKAGE LIMITATION

Carriers *i.e.* Ship owners, Charterers or Freight Forwarders who issue bills of lading, usually rely on Package Limitation when settling claims in respect of high value cargoes. This helps to substantially reduce their exposure to the claim. The International Conventions and the local Laws of many countries refer to the applicable Package Limitation.

When the cargo is shipped in containers, the question arises as to whether the container or the individual packages within would constitute a Unit for the purpose of Package Limitation. This would depend on how the cargo is described on the bill of lading. There have been instances when a court decided that each piece inside a container is a Unit for the purpose of Package Limitation, resulting in very high exposure for the Carrier. It is therefore important to fill in the columns on the bill of lading appropriately showing the container as the Unit. Even though it is necessary to describe the cargo on the bill of lading, it can be suitably worded in the appropriate columns in order to avoid additional exposure.

Carriers who issue bills of lading face such issues occasionally. The Insurers should guide them suitably in this respect as it is they who will be paying the claims eventually.



“ Opportunities are like sunrises. If you wait too long, you will miss them.”



..... 3

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Have you ever wondered –

*If poison expires, is it more poisonous or is it no longer poisonous ?
Which letter is silent in the word “Scent” – the “S” or the “C” ?
Why is the letter W in English called double U ? Shouldn’t be called double V ?
Every time you clean something, you make something else dirty.
At a movie theatre which arm rest is yours ?
How did they know what time it was when the first clock was made ?
How come Noses ‘run’ and Feet ‘smell’ ?*



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