

# WAYPOINTS

WEST. Magazine Issue | 08

## IN TRANSIT

Navigating the Dynamic World of Cargo

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From Enhanced Due Diligence (EDD) and asset tracing to bespoke investigations into fraud, cargo disputes or sanctions risks, Qwest Forensics equips ship owners, operators and charterers with real-time intelligence. Their forensic insight can prevent losses, aid recovery and inform legal action - whether ashore or at sea.

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# WELCOME

Dear reader,

As cargo volumes grow and global trade routes shift, the landscape of cargo operations continues to evolve - bringing with it new challenges, complexities and claims. In this edition of Waypoints, we place cargo and cargo claims at the centre of our focus, exploring not only the practical hurdles faced by Members but also the changing regulatory, contractual and commercial context in which cargo is carried today.

We open with an insightful piece from Matt Wright and Reid l'Anson of Kpler, who consider how a second Trump presidency could reshape global seaborne trade. With tariffs, sanctions and nationalist industrial policies back on the agenda, shipping markets are bracing for heightened volatility. The analysis highlights how geopolitical shifts could drive freight disruption, rerouted trade patterns, and two-tier vessel markets.

Digitisation continues to reshape the cargo landscape, particularly in relation to documentation. On page 14, Erin Walton considers the implications of the UK's Electronic Trade Documents Act 2023 and what legal recognition of e-bills of lading means for Members in practice - whether issuing, transferring or relying on electronic documents.

Alongside these regulatory shifts, the cargoes themselves are changing. Carbon dioxide, transported as part of global decarbonisation strategies, presents unique legal and contractual considerations. On page 20, Oddbjørn Slinning, Ingrid Nerem and Andreas Fjærvoll-Larsen of Wikborg Rein explore this developing trade and the issues it raises - from vessel design to liability exposure.

The regulatory spotlight also falls on fuel, with new obligations under the FuelEU Maritime Regulation set to impact vessels operating within the EU. We explain what this means for ships and how it may influence commercial decisions and chartering arrangements. Later in the issue we examine the ongoing issue of liability for improper stowage - a common and often contentious source of cargo claims. We also review recent case law and remind Members of the evidentiary and legal expectations in such disputes.

In a compelling case study, Adrian Roberts of Qwest Forensics provides a behind-the-scenes look at a recent cargo contamination incident and the forensic investigation that followed. His piece underscores the value of detailed analysis in identifying root causes and supporting Members through the claims process.

Fuel quality is increasingly under the microscope, especially with the rising use of marine biofuels. On page 38, VPS offers a practical overview of the operational risks associated with these fuels, from testing and compatibility issues to potential claim exposures.

Our regular BriefCases feature provides a digest of recent court decisions relevant to cargo operators and charterers, covering topics such as delayed redelivery and the impact of crew-related delays in the context of infectious disease clauses. Looking further ahead, our On the Horizon section outlines key regulatory developments poised to impact the shipping industry in the near future and in this edition we look at the implementation of the Hong Kong Convention on ship recycling.

Finally, we turn the Spotlight on our Luxembourg office - home to the Association and a core part of West's international presence - with the team there playing a vital role in supporting our operations across areas such as regulatory compliance and investment.

We hope this issue provides practical insight into the shifting cargo environment - from legal and contractual risks to operational realities. As always, we welcome your feedback and hope you enjoy reading Waypoints.

**Julien Rabeux**  
Head of Claims (Singapore)  
West P&I

# SAILING THROUGH CHANGE

## Matt Wright

Principal Freight Analyst,  
Kpler

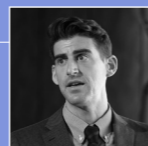
Matthew Wright is the Principal Freight Analyst at Kpler. With over a decade of experience in oil and shipping markets, Matt leads on providing Kpler's clients with analysis and research on freight markets. Prior to Kpler, Matt was a Senior Tanker Analyst at SSV ship brokers, where he was responsible for analysing oil tanker markets and handling consulting inquiries. Matthew has extensive oil market experience from seven years in consulting at Argus Media where he worked on a range of single-client projects and latterly managed the subscription reports focusing on freight, crude, and refined products.



## Reid I'Anson

Commodity Analyst,  
Kpler

Reid joined Kpler eight years ago as a commodity analyst and has grown alongside the company ever since. Based in Houston, Reid has more than a decade of experience studying the intersection between global demand conditions and the state of commodity markets. Reid holds a masters degree in economics from the University of Houston. You will regularly find him quoted in the financial press, appearing on tv, or providing his thoughts at conferences across the globe.



## The 2025 Seaborne Trade Environment in the Trump Era

### Trump takes aim

The return of Donald Trump to the White House certainly marks a change in the global geopolitical and economic landscape. A push for peace in Ukraine, tensions with China, and a focus on more activist economic policy, including the use of tariffs, and aggressive immigration restrictions are all front of mind. Ultimately, we believe the Trump administration is pursuing three core economic/geopolitical goals. These include (1) cutting the rate of US inflation, largely via lower energy prices, (2) improving the defence burden more equally among allies, and (3) narrowing America's sizable trade deficit with the rest of the world.

While one can debate the efficacy of Trump's policy goals, his attempts to achieve both a reduction in the trade deficit and an increase in ally defence spending undoubtedly involves the use of or threat of tariff implementation.

Given America amounts to a quarter of global demand, countries, particularly those with large trade surpluses, have few good options. Nations such as China, which are particularly reliant on an investment-led growth mode that has steadily pushed the trade surplus to ever higher highs, is in a particularly difficult spot with limited options for retaliation.

Tariffs, and sanctions to a lesser extent, might or might not further Trump's policy aims. What is certain is that trade barriers inject volatility and ambiguity into a global trading system that has long relied on US guarantees for the free and open flow of goods and services. Uncertainty is amplified when the Trump administration sets short timetables, and swings wildly between policy implementation and delay (i.e., Canadian tariffs). Potential reciprocal tariff implementation also adds to the confusion.

### On and off again tariffs

The markets and consumers affected by the wide range of tariffs are numerous but it is clear, seaborne commodity trade has become one of the sectors most impacted by the new Trump presidency. Almost all of the proposed and implemented policies would be disruptive to shipping, potentially increasing the cost of freight. A key theme emerging is the growing complexity of tariffs and the lack of clarity around if and when they will be implemented.



Tariffs on Canada, Mexico and China were announced almost immediately after taking office. The bulk of the proposed tariffs affecting commodities have been pushed back indefinitely, with the exception of steel and aluminium, although much of this volume is transported via land. From a shipping perspective, oil tariffs would have the largest material impact on freight markets.

In 2024, the US imported 1.3 Mbd of crude and oil products by sea from Canada and Mexico, just over 25% of total seaborne oil imports. If tariffs on oil were to go ahead, we expect to see changes in trade flows as US importers look for cheaper alternatives. Refiners in the US Gulf importing crude from Mexico are most likely to be affected. The result will be longer voyages as Mexican crude is shipped out of the region, most likely to Europe and the US switches intake to alternative Latin American grades. This will impact vessel supply, driving up freight.

The US is less reliant on China for commodities, importing just 5.5 Mt by sea in 2024. However, reciprocal tariffs on the US by China are significant, with the country bringing in 94.4 Mt of bulk commodities by ship last year. Soybeans, crude oil and LPG account for 55% of imports from the US. In May, the US and China agreed to a temporary pause. The US reduced China's tariff from 125% down to a baseline of 10% while China reciprocated by reducing its retaliatory tariffs to 10%. However, the pause ends mid-August and there remains a high degree of uncertainty and unresolved issues which could see higher tariffs back on the agenda.

Unlike in 2018, China has foregone imposing new tariffs on LPG given a much increased reliance on US volumes. However, in a theoretical "maximum trade war" scenario, Chinese prices would spike to pull in almost all Middle Eastern and Russian barrels; while India takes in substantially more US LPG that otherwise would have gone to China. VLGC freight rates would be forced higher because of the rising ton-miles with ME cargoes heading to east Asia instead of west India, also buoying delivered prices.

For crude, tariffs do apply and we have already seen reduced shipments to China this year with more cargoes remaining in the west, hitting VLCC demand.

Any changes in soybean trade will only become evident in Q4 when exports peak. China has strategically reduced its reliance on US soybeans by diversifying suppliers. Brazil's expanding production and record harvest have provided an alternative, enabling China to reduce its dependence on US imports. The difference in voyage distances is minimal so freight rates are unlikely to be affected but there would be disruption in supply.

### Chinese shipping port fees

Another angle the US is targeting China is shipbuilding. The US is set to implement port fees targeting Chinese-owned and Chinese-built vessels from October, which could impact freight rates for vessels calling at US ports.

The policy aims to counter China's dominance in shipbuilding and support domestic US shipbuilding. This builds on the bipartisan SHIPS act introduced in mid-December which aims to support America's shipbuilding capacity, and merchant marine fleet. However, the immediate market impact is expected to be disruptive rather than supportive of the US industry.

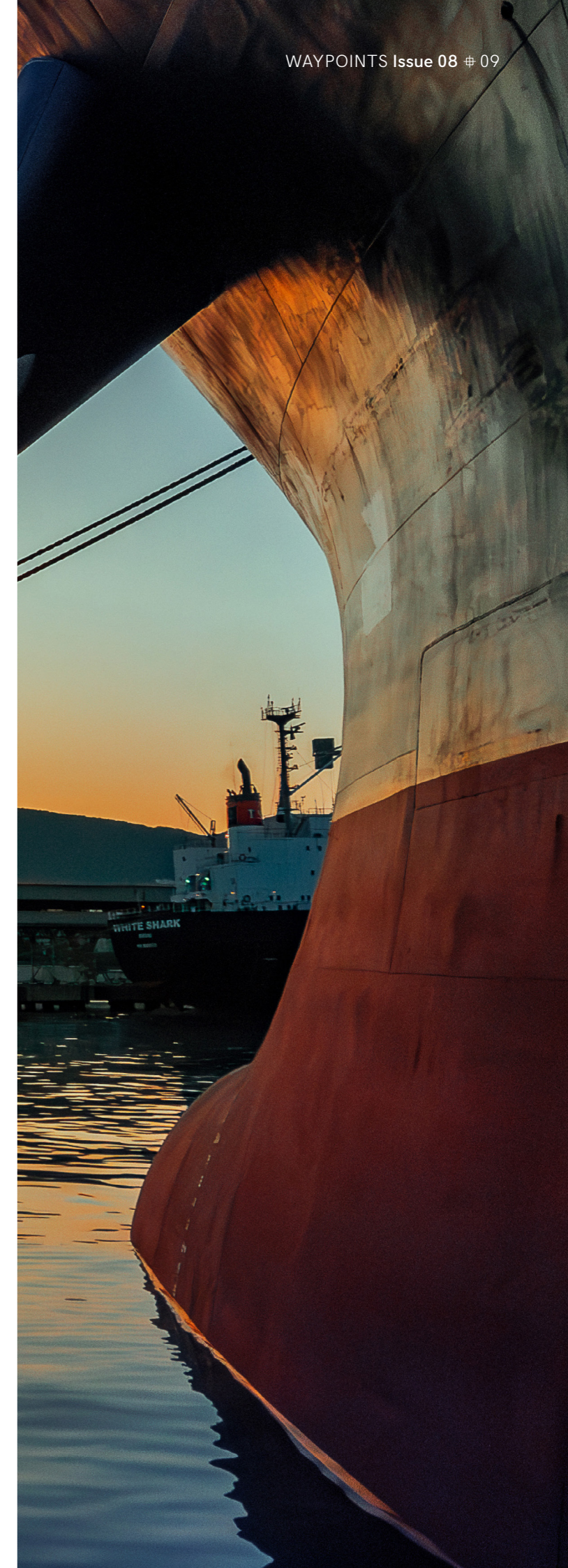
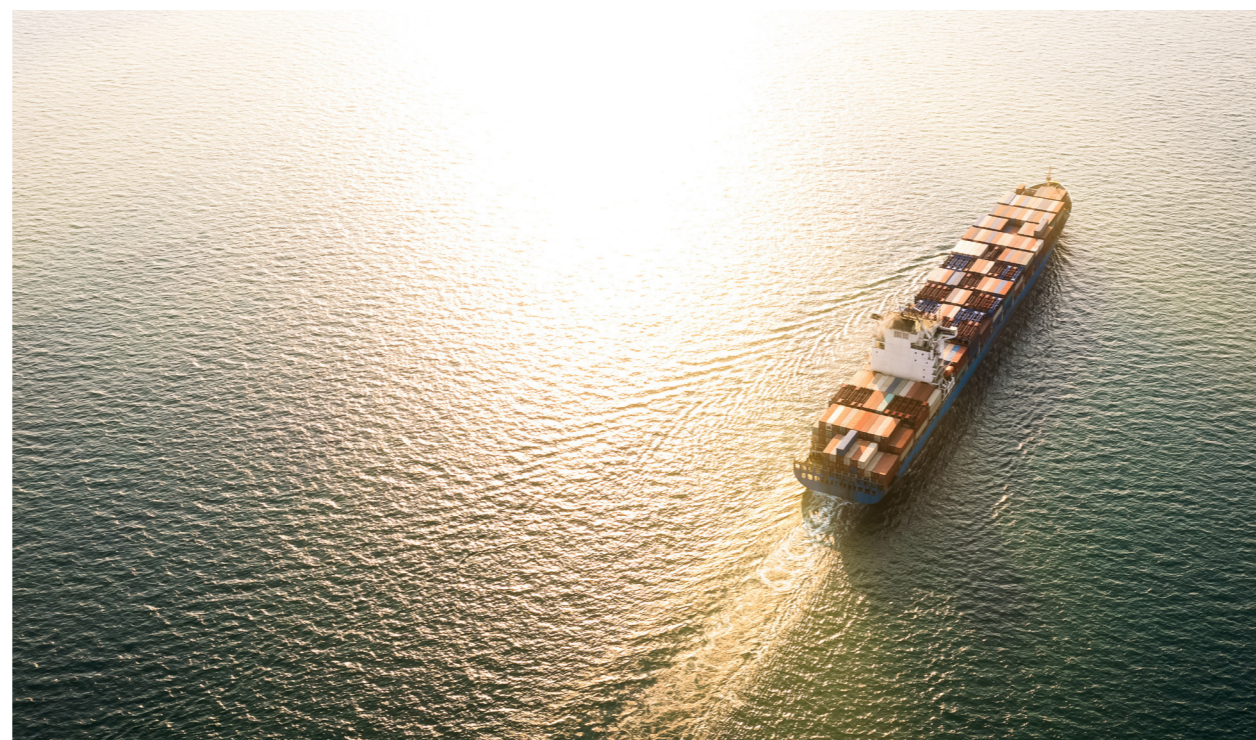
Fees for Chinese owned ships are sufficiently high to make their use at US ports uneconomical. Switching to non-Chinese tonnage in the tanker market will be possible but it adds further disruption.

In 2024, Chinese-owned vessels transported 5.2 Mbd (7%) of global liquid cargoes. The share was even higher for US trade, with Chinese-owned tankers shipping 750 kbd to or from the US, 10% of total US liquids trade.

There are significant carve outs in the policy for Chinese built ships, but it will likely increase the cost for US imports of some products. 65% of the current global tanker orderbook is stated to be built in Chinese yards, only increasing the active fleet built in China over the coming years.

For both tanker and dry bulk carriers, there is potential for two-tier markets to emerge, with Chinese-owned ships fixing at a discount. In the dry bulk market very few Chinese owned vessels call at US ports, whereas Chinese built dry bulk vessels account for a large share. With over 6,000 bulkers built in China, 40% of the entire fleet, there would be significant disruption to the dry bulk market if the port fee policy goes ahead.

Even if investment in US shipyards is incentivised, it will take close to a decade before new ships enter the market. Meanwhile, Chinese-built vessels continue to dominate the global fleet.





## End to the Russian oil price cap?

Trump has been actively involved in Russia - Ukraine peace talks in recent months but the prospect of an end of some or all sanctions remains distant. If sanctions on Russian oil exports are lifted it is unlikely we see any major shift in oil flows because most European countries that previously imported Russian crude and diesel will likely self sanction. But there could still be disruption to the tanker market.

The main tool of enforcing the oil price-cap was to restrict access to tonnage owned or insured or having other service touch points with G7 Coalition providers. If sanctions are lifted, while flows may not change, all tankers will be able to load Russian cargoes again, regardless of the traded price. The main unknown will be how freight rates respond, what happens to the shadow fleet and whether they can be rehabilitated back into the commercial tanker fleet.

In 2024, 800+ tankers loaded at least one crude or dirty petroleum products (DPP) cargo from Russia over the course of the year. Of these ships, Russian cargoes accounted for 65% of ton-mile demand. This shows that many vessels engaged in Russian oil exports are also lifting cargoes from other countries. We therefore expect most shadow fleet vessels under 20 years old to be able to increase loads from outside Russia. But there will likely be a period of transition which will see Aframax and Suezmax supply tighten.

## Iran and the Houthis

Israel strikes on Iranian targets in June mark a major escalation in the risk to shipping in the Middle East. At the time of writing, oil exports from the region continue but the situation remains uncertain and freight rates in the region have risen sharply. For now the conflict is between Israel and Iran, but the US is moving military assets into the region, raising the likelihood that US forces join attacks on Iranian targets.

Prior to this, the US had ramped up pressure on Iran, sanctioned vessels and refiners in China processing Iranian crude. This year will hit the shadow fleet and support commercial vessels but a renewed effort to re-open passage of the Bab-el-Mandeb strait would hit freight rates.

Even before Israel's attacks, 2025 was set to mark a shift in Iranian oil exports and growth in the shadow fleet. Over the last three years, rising exports from Iran has helped fuel growth in the shadow fleet but growth in crude exports from Iran has stalled and following the latest developments, could fall, particularly if pressure from the US ramps up. The productivity of the fleet that serves Iranian exports is already significantly lower than the commercial fleet and if exports decline this year, utilisation will fall further, increasing the likelihood of scrapping.

In March, the US began attacks on Houthi locations in Yemen again more than 18 months after the terrorist group began attacks on commercial vessels in the Red Sea. Following an Omani brokered ceasefire there have been no further attacks on vessels in the Red Sea. Between February and May we noted an increase in tanker traffic in the Red Sea but transits of the Suez Canal are still significantly lower than prior to attacks in late 2023.

Restoring freedom of passage through the Red Sea remains possible but as has been evident over the last year, removing the threat to vessels is difficult and it remains unclear if Trump will be more successful than Biden in that respect. The conflict in the Middle East will likely delay a return to normal Red Sea transits. Should flows return to normal in the coming months, voyage distances between the east and west will drop, hitting freight rates across a number of sectors, most notably tankers.

In the last five years, shipping markets have navigated the Covid pandemic, the Russia-Ukraine war, attacks in the Red Sea and now the ongoing war between Israel and Iran. The Trump effect is likely to be an ongoing disrupter to the shipping market in 2025. It is still in its early days and there is a high level uncertainty around which policies will go ahead, but it is clear increased volatility should be expected.

# BRIEFCASES

We look at the details of some recent cases, discuss the lessons to be learnt and examine the consequences and potential implications of each decision.

## The ‘Sagar Ratan’ [2025]

The vessel loaded cargo in Australia and proceeded to China for discharge. Since the voyage happened during the Covid-19 pandemic, all vessels entering Chinese ports were tested for Covid-19. There was however no general quarantine for ships arriving from Australia.

Upon arrival in China, four crewmembers tested positive for Covid-19. As a result, the vessel was prevented from commencing discharge operations and was ordered to undergo a 14-day quarantine.

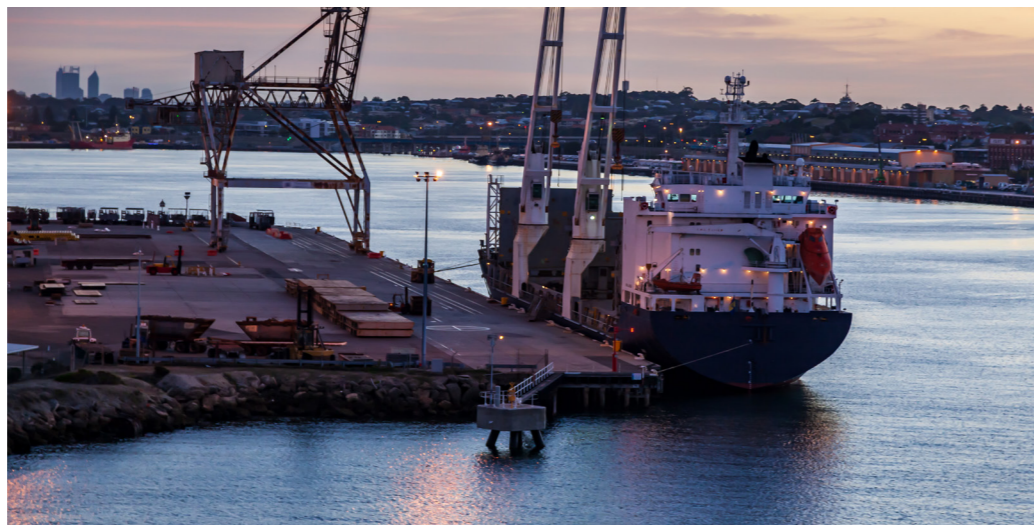
The charterparty contained the BIMCO Infectious and Contagious Diseases Clause for Time Charterparties 2015 (thereafter, the ‘BIMCO Clause’). This clause stipulates that if the vessel proceeds to, continues to, or remains in an ‘Affected Area’, any additional costs, expenses or liabilities whatsoever arising out of the vessel visiting or having visited an ‘Affected Area’, will be for the charterers’ account and the vessel shall remain on hire throughout. An ‘Affected Area’ can have two meanings: it can be any port or place where (1) there is a risk of exposure to the vessel/crew to the disease (in the present case Australia) and/or (2) a port or place subject to a risk of quarantine or other restrictions being imposed in connection with the disease (in this case, China).

### The question was:

Whether the port in China was an ‘Affected Area’ within the meaning of the BIMCO Clause if it carried a risk of quarantine?

### The Admiralty Court held:

That China was not an ‘Affected Area’ because of the imposition of a quarantine. The vessel was also not delayed because it had visited an ‘Affected Area’ (Australia). It was only delayed because the crewmembers were infected with Covid. The BIMCO Clause only applies where there is general policy imposed by the port due to the vessel having previously visited a particular port/country. In the present situation, the BIMCO Clause would only have been triggered if China imposed a quarantine on all ships having called in Australia (in which case, China would have fallen under the definition of an ‘Affected Area’).



## Why does this decision matter?

Contrary to popular belief, BIMCO clauses are not ‘pro-owner’ and are a careful compromise between the owner’s and the charterer’s interests. In the present case, the clause is consistent with the general rule of thumb whereby owners should be responsible for issues surrounding the ship (here the crew) and charterers should be responsible for employment orders (calling at an ‘Affected Area’).

## The ‘Skyros and Agios Minas’ [2024]

Hapag-Lloyd time chartered two containerships. Both vessels were redelivered late. Charterers paid charterparty hire up to actual redelivery, however, the market had risen sharply.

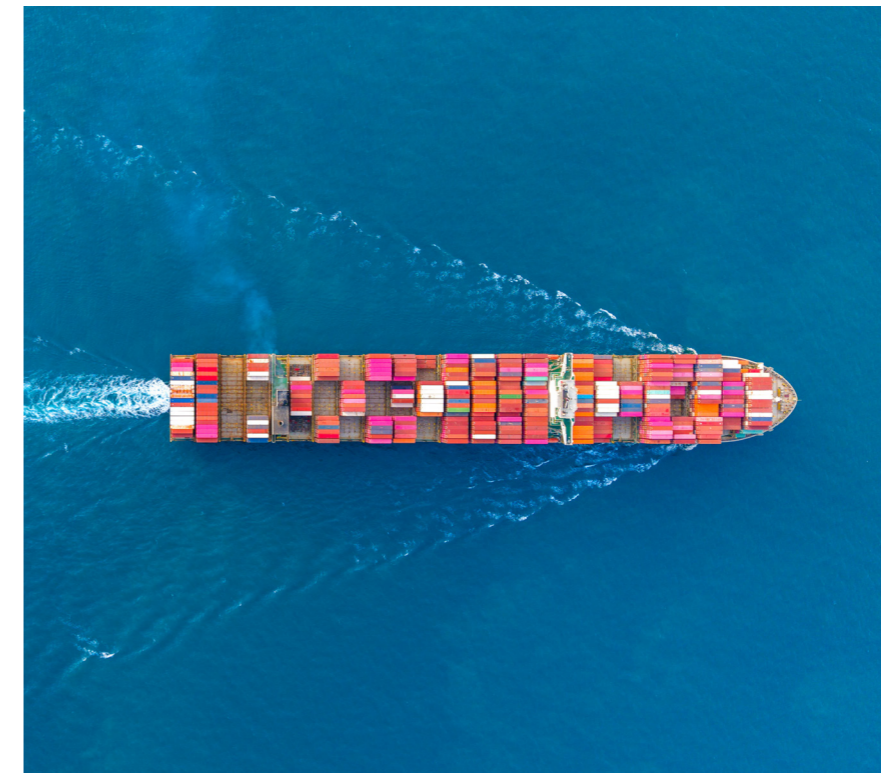
Owners claimed damages for late redelivery on the usual measure, namely the difference between charterparty and market rates for the period of overrun. However, prior to redelivery, owners had entered into sale contracts (MOAs) to sell the vessels. There was a term in these contracts that owners would not perform any further voyages with the vessels after redelivery by charterers. Charterers argued that because of the MOAs, owners had suffered no loss and should not be entitled to damages.

### The question was:

What was the correct measure of damages?

### The High Court held:

That the owners had suffered no loss as they would not and could not have chartered the ships out after redelivery. The damages should put the innocent party into the financial position that they would have occupied had there been no breach. As summarised by the judge: “What difference did the breach make? ...No difference whatsoever”.



## Why does this decision matter?

The normal measure of damages is difference between charterparty and market rates for the period of overrun. However, courts will be willing to override this basic principle to see if the innocent party had lost an opportunity and actually suffered a loss.

It was also previously thought that when measuring damages, a party could not rely on a contract entered into after the charterparty had been signed (The ‘Achilleas’ [2008]). This principle is only true to limit the injured party’s claim in damages as it acts to restrict the recovery of damages to those which are foreseeable, and which were within the reasonable contemplation of the parties at the time of entering into the charterparty (remoteness). If there are circumstances which were not within the knowledge of the defendant at the beginning of the contract, these can be used for reducing damages (but these cannot increase the claimant’s claim).

### Julien Rabeux

Head of Claims (Singapore),  
West P&I

Julien is Head of Claims in West’s Singapore Office. He studied law in France and England and subsequently qualified as a solicitor in a London shipping law firm. Julien was based in West of England’s Hong Kong Office for 5 years, before moving to Singapore when the Club launched its office there. Prior to joining the Club, Julien worked for another IG Club in London for 7 years.



# Are E-Bills Still Worth the Paper?

## Erin Walton

Assistant Corporate Director, West P&I



Erin joined West in 2014 from a London shipping firm. She represents the Club on the IG's Bills of Lading Committee and E-Trading Working Group.

**The claim that widespread use of E-Bills is just around the corner has been made several times over the last two decades. Despite these false starts, are we finally about to see a marked shift in their use?**

The value proposition for E-bills is well known. Cutting out the need to physically courier a document between carrier, buyers, sellers, and their banks will drastically cut down processing times and enable an E-bill of lading to be available at the discharge port when the vessel arrives. This, in turn, means that a Carrier does not need to demand a risky letter of indemnity for delivering without presentation of the bills of lading, which would put the Carrier outside their P&I cover and exposed to potentially huge financial losses and lengthy legal proceedings. An added benefit is that the chain of endorsements is readily available on an electronic system for the Carrier, to ensure they are delivering to the correct party at the discharge port.

This all sounds great – so why are we still largely reliant on a paper system as old as shipping itself?

Therein lies part of the answer: changing engrained behaviour is difficult, and in shipping, can also be expensive. Cited barriers to adoption of E-Bills include lack of uptake from the banking industry, legal barriers, cost of accessing multiple platforms, and lack of alignment within industry sectors.

We look at what has been done to address these issues, below.

### Legal

Without clear legal recognition of E-bills as equivalent to paper, for years system providers have used their terms and conditions to create multi-party contractual frameworks requiring all parties using their platform to agree that an electronic bill of lading is equivalent to a paper bill. The functions of the bill of lading are replicated within those terms. If an entity in the chain is not party to the agreement, the E-Bill can be converted to paper.

This has worked to date, but legal systems have been playing catch up with technology. The Electronic Trade Documents Act (the Act) came into force in September 2023, giving legal recognition in English law to trade documents. As English law is often chosen as the law to govern bills of lading, this was a significant step towards legal certainty. Under the Act, the effectiveness of an E-bill requires the system to be reliable, and the Act sets out a reliability test. Many have now questioned how the 'reliability' requirement would be met in practice.

Though strictly a legal test, it is in fact a technological one in that the law will be satisfied provided that the technology meets certain requirements of reliability. Since the Act came into force, industry bodies have been reviewing industry standards to establish reliability and common standards for all stakeholders. The ICC Digital Standards Initiative has launched a digital standards tool for this purpose, and it is anticipated that additional tools or standards will be made available in the future.

Singapore has also adopted similar legislation- The Singapore Electronic Transactions (Amendment) Act 2021.

Both sets of legislation meet the requirements of the Model Law on Electronic Transferable Records (MLETR), a uniform model law adopted by the UN Commission on International Trade (UNCITRAL) in 2018.

It is hoped that the model law will be utilised by other countries, further acknowledging E-Bills as equivalent to paper.

## Banking

For years, many cited banking's lack of involvement in electronic bills as a fundamental problem. Banks, understandably, may have been reluctant to risk legal uncertainty or train staff on multiple systems, paying for access to those individual systems, all whilst also still handling paper bills.

There has recently been a shift, with banks recognising consumer demand and the benefits that outweigh the investment. Several banks are now taking part in successful pilot programmes and large institutions like Lloyds, HSBC, ING and others have signed up to industry alliances like FIT (Future of International Trade Alliance).

A recent spate of misdelivery and fraud cases brought unsuccessfully by banks in both English and Singapore Courts after the oil price collapse in 2020 could help to drive home the benefits for electronic systems (examples include The Nika [2020] EWHC 254 (Comm) and The Maersk Princess [2022] SGHC 242). Lowering the number of cargoes discharged without presentation of bills of lading is in the interest of financial institutions and reduces the risk of lengthy, expensive, and sometimes fruitless litigation.

## Interoperability

Interoperability is regarded as one of the keys to unlocking the potential of E-Bills.

At time of writing, thirteen system providers are approved for P&I cover purposes by the International Group. Each operates independently with its own customers, terms and conditions, and security. All parties in a transaction would need to be signed up to the same platform.

Companies working with multiple parties who use different platforms could theoretically need to sign up and connect to multiple E-Bill platforms, resulting in duplication of costs and extra training requirements.

Interoperability between systems would allow each party to use their own chosen system, but allow E-Bills to move between each other seamlessly. How this will be achieved is down to each individual platform. For example, system providers could agree between themselves to allow interoperability, and amend their terms and conditions with their customers accordingly. Recently, some system providers have already started the process of amending their terms to allow for interoperability.



The trend towards interoperability will no doubt assist parties by reducing the cost outlay and technical knowledge required to operate on multiple platforms.

The trend towards interoperability will no doubt assist parties by reducing the cost outlay and technical knowledge required to operate on multiple platforms.

It is worth noting that from a P&I cover perspective, E-Bills must only move between IG approved systems.

### Industry pledges

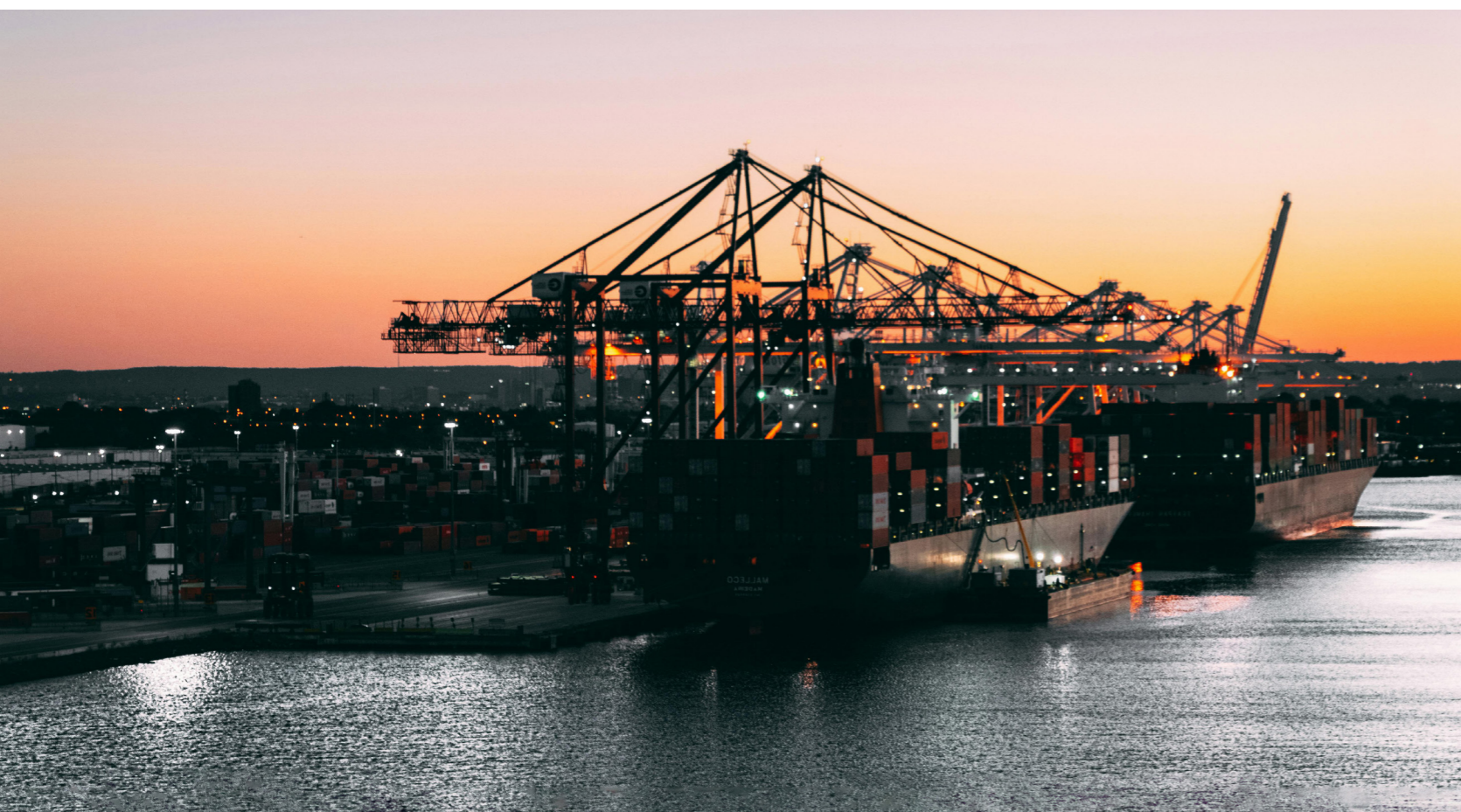
To reach critical mass, several initiatives have been set up to obtain endorsements and pledges from industry.

In the container sector, members of the Digital Container Shipping Association (DCSA) including Maersk, CMA CGM, MSC, Hapag-Lloyd and others have committed to 50% of bills of lading being electronic before 2028, and 100% by 2030. If met, this would drastically increase the

percentage of bills issued electronically as the overwhelming majority of bills are issued within the container trade.

Projects are also underway in the more fragmented bulk sector. BIMCO's 25 by 25 campaign sought commitments from major shippers of iron ore like Rio Tinto, Vale, BHP and Anglo American to switch to use at least 25% E-Bills by 2025. That target was reached well before the deadline.

The bulk sector may not benefit from the volume efficiencies that the container sector would, but the obvious benefits to risk management remain. In addition to avoiding potential misdelivery claims, having to track paper bills down and arrange a witness for cancellation just to switch or split would be a thing of the past as these amendments could be done through the E-Bill platform.



In summary, the future is bright for E-Bills. Uptake will not be industry wide overnight, but certain sectors are certainly spearheading a meaningful shift in use and legal reform is moving in the right direction.

Companies utilising E-Bills can also boost their green credentials. In a recent study by GSBN it has been claimed that 27.9kg of GHG emissions can be saved per bill of lading. A report by McKinsey also noted that industry-wide swapping would save 28,000 trees per year.

A note on P&I Cover

P&I liabilities arising under any electronic bills of lading are covered to the extent these liabilities would also have arisen under paper bills of lading.

To the extent these liabilities would have arisen because an electronic bill of lading has been used instead of a paper bill of lading, cover is discretionary unless the electronic trading system has been approved by the International Group.

From 20 February 2025, to assist Members in checking whether the terms and conditions of a particular system provider are approved for the purpose of Club cover, a list of approved providers is maintained on the International Group’s website. The International Group does not promote any specific system provider or technology.

Members should be aware that when entering into a contract with a system operator this can include obligations to maintain minimum IT standards to access and use the electronic system and to use the electronic system only as permitted by the user agreements. The user agreements usually also contain undertakings of confidentiality. If broken, these obligations could give rise to contractual liabilities under the user agreement to other users and the operator of the electronic bill of lading system. These liabilities are no different to those contained in, for instance, software agreements or other IT application agreements and would fall outside Club cover.



For any questions, please contact Erin Walton or Trudy Pisani-Cerulli, who both sit on the IG E-Bills Working Group. West also maintains a Paperless Trading page on its website with relevant information to assist Members.

# CARRIAGE OF CO<sub>2</sub>

CO<sub>2</sub> transport by sea is both flexible and scalable – but are current charterparty forms traditionally used for the carriage of LNG fit for the job? Wikborg Rein highlights key considerations when entering into these charterparties, including how losses in transit and EU ETS allowances may be treated.

## Oddbjørn Slinning

Partner,  
Wikborg Rein

Oddbjørn is the Head of the firm's Shipping Offshore Dispute Practice at our Oslo office. He mainly assists clients within the field of contract law, maritime law and marine insurance, including litigation, casualty work and shipping/offshore transactions.



## Andreas Fjærvoll-Larsen

Partner,  
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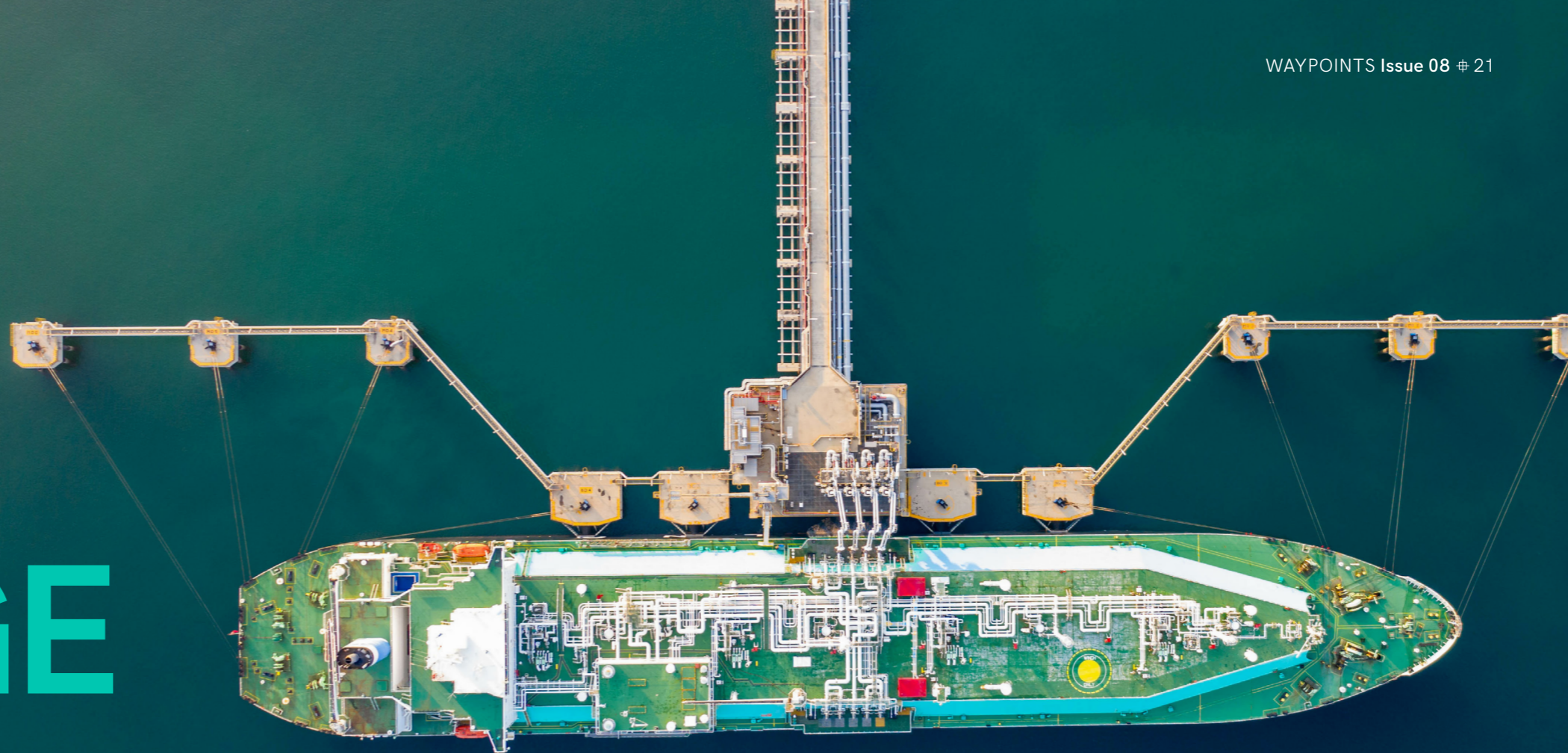
Andreas has a broad international transaction practice within shipping, offshore and ocean infrastructure.



## Ingrid Nerem

Associate,  
Wikborg Rein

Ingrid mainly works with transactions within the shipping and offshore segment.



## Introduction

Carbon Capture and Storage (CCS) is rapidly gaining global recognition as a process set to play a key role in decarbonising hard to abate industries across the world. While the liquid CO<sub>2</sub> shipping market is currently in its early stages, projections indicate substantial growth in the coming years. It is estimated that more than 90 million tonnes of CO<sub>2</sub> will be transported by sea annually by 2030, necessitating a fleet of approximately 55 dedicated carriers and 48 terminals to handle the import and export of CO<sub>2</sub>.<sup>1</sup> As CCS deployment accelerates, the maritime transport of captured CO<sub>2</sub> will become an essential link in the value chain.

CO<sub>2</sub> transportation by ships from the emitter to the storage provider have thus far been arranged by either the storage provider or the emitter.

However, neither land-based CO<sub>2</sub> emitters, nor the emerging offshore storage providers, are typical shipowners. Given the structure of the market, it is reasonable to expect that both parties will seek to contract transportation services from shipping companies. Due to the relatively small size of the CO<sub>2</sub> transport market and the absence of a spot market, long-term contractual arrangements will likely be the preferred solution, at least for the initial projects. In this regard, time charterparties appear to be the most practical contractual framework, providing predictability for both shipowners and charterers in terms of capacity allocation, operational responsibilities and earnings. Whilst the time chartering of CO<sub>2</sub> carriers is relatively straightforward and similar to charterparties commonly used for transportation of other liquified gases, there are some CO<sub>2</sub> specific issues that should be addressed, for example related to liability, the London Convention and the EU Emissions Trading System (ETS) regime.

<sup>1</sup> Rystad Energy – CO<sub>2</sub> sets sail: Carbon shipping on the rise as emitters search for large-scale storage options. <https://www.rystadenergy.com/news/co2-sets-sail-carbon-shipping-on-the-rise-as-emitters-search-for-large-scale-stor>

### Damage to vessel or terminal

A key contractual risk in CO<sub>2</sub> transportation arises when the delivered CO<sub>2</sub> does not meet agreed specifications, potentially causing damage to either the vessel's cargo equipment or the receiving terminal. Off-spec CO<sub>2</sub> – containing impurities, excess moisture, or other contaminants – can lead to corrosion, contamination, or operational disruptions. Strict quality requirements are therefore often imposed by terminal operators to protect infrastructure and maintain safe and efficient operations.

While liability for vessel damage may be governed by established principles of property damage under the charterparty between shipowners and charterers, terminal damage presents a more complex legal challenge. Terminal access is typically conditional upon shipowners' signing conditions of use providing robust indemnities to the terminal owner, effectively shifting the risk of off-spec CO<sub>2</sub> to the shipowner. This contractual allocation of risk necessitates careful consideration of whether the ultimate liability should rest with the shipowner or the charterer. To manage these risks, charterparties and transport agreements should include clear provisions on CO<sub>2</sub> quality specifications, monitoring and sampling protocols, and mechanisms for rejecting off-spec CO<sub>2</sub>. Furthermore, indemnity clauses and liability limitations must be carefully drafted to ensure a balanced and predictable allocation of responsibilities, thereby minimising the potential for disputes and commercial uncertainty.

### The London Convention and general regulatory framework

The London Convention (1972) and its 1996 Protocol (the London Protocol) aim to prevent marine pollution by prohibiting the export of waste for dumping at sea. This has unintentionally created legal barriers for the cross-border transport of CO<sub>2</sub> intended for permanent storage under the seabed, as CO<sub>2</sub> is classified as "waste" under the Protocol. To address this, an amendment was proposed in 2009 to allow such transport, provided that the involved

states enter into agreements and notify the International Maritime Organization (IMO). While the amendment has not been ratified, a 2019 resolution allows its provisional application. As a result, states can now bilaterally agree to transport CO<sub>2</sub> across borders for CCS purposes. Several countries, including Norway, have recently entered into such agreements. However, in the absence of these arrangements, the London Protocol remains a legal obstacle, necessitating specific agreements between exporting and receiving states to facilitate CO<sub>2</sub> transport for storage under the seabed.

From a charterparty perspective, it will thus be important to stipulate which of the parties will be responsible for obtaining the permits required for cross-border transport of CO<sub>2</sub>. This includes the London Convention, along with other international, regional and local regulations that may come into play. Consequently, this adds complexity, particularly when the charterparty involves transporting CO<sub>2</sub> from several capture sites and to different storage sites.

### EU ETS and liability for emissions during transport

It is now clear that the activity of transporting CO<sub>2</sub> by ships for geological storage falls within the scope of the EU ETS. While the EU ETS distinguishes terminologically between installations, aviation, and maritime transport, the European Commission has confirmed that CO<sub>2</sub>-transporting ships (as part of a CCS process) are classified as installations under the system. This follows from clarifications in the EU guidance on the EU ETS Directive (Annex I), which confirms that the transport of greenhouse gases for geological storage applies to the entire chain of custody, even when non-stationary elements, such as ships, are involved. Consequently, in addition to the application of the EU ETS to emissions from ships as such which are only covered if they qualify as maritime transport activities (e.g., vessels over 5,000 GT), CO<sub>2</sub> carriers in a CCS process are in addition subject to the same liability framework as stationary capture facilities and pipelines in relation to emissions from the CO<sub>2</sub> transported.

Whilst the time chartering of CO<sub>2</sub> carriers is relatively straightforward and similar to charterparties commonly used for transportation of other liquified gases, there are some CO<sub>2</sub> specific issues that should be addressed, for example related to liability, the London Convention and the EU ETS regime.



Under the EU ETS framework, liability for emissions from CO<sub>2</sub> transported follows a possession-based model, meaning that the entity holding CO<sub>2</sub> at the time of release is responsible for surrendering the corresponding allowances. For shipowners, this introduces an important compliance consideration, as any CO<sub>2</sub> cargo emitted while on board – whether due to operational losses, system failures, boil off or emergency venting – triggers an obligation under the EU ETS.

The EU ETS does not differentiate between routine losses of CO<sub>2</sub> cargo and those occurring under exceptional circumstances, such as necessary venting to prevent overpressure or to ensure vessel integrity. Even where venting is legally or operationally unavoidable, the shipowner remains liable for

compliance, without exemptions even for force majeure events. Given this regulatory structure, commercial agreements must carefully allocate the risk of CO<sub>2</sub> emissions occurring during the transport phase. Shipowners may seek contractual indemnities from charterers, ensuring that liability for emissions allowances rests with the charterers as the party responsible for CO<sub>2</sub> quality and stability. Alternatively, agreements may include adjustment mechanisms to mitigate exposure and allocate responsibility for emission allowances accordingly, such as setting predefined tolerances for boil-off losses or incorporating force majeure liability allocations for emissions resulting from safety-critical scenarios.

While the EU ETS provides a clear framework for compliance,

it introduces considerations that distinguish CO<sub>2</sub> transport contracts from traditional charterparty agreements. In the absence of regulatory adjustments, private contracts will play a crucial role in balancing risk and ensuring a fair allocation of emissions liability.

### CO<sub>2</sub>TIME

To address the anticipated demand for time charters for ships transporting CO<sub>2</sub> by sea, BIMCO has established a drafting committee preparing a charterparty tailored for the trade (the “CO<sub>2</sub>TIME”). Wikborg Rein is amongst the industry experts participating in the drafting committee. CO<sub>2</sub>TIME is targeted to launch late 2025 / early 2026, just in time for the first commercial projects expected to be launched in 2028-2030.



# FUELEU MARITIME

## Julien Rabeux

Head of Claims (Singapore),  
West P&I



Julien is Head of Claims in West's Singapore Office. He studied law in France and England and subsequently qualified as a solicitor in a London shipping law firm. Julien was based in West of England's Hong Kong Office for 5 years, before moving to Singapore when the Club launched its office there. Prior to joining the Club, Julien worked for another IG Club in London for 7 years.

## Contractual Considerations

FuelEU Maritime entered into force from 1 January 2025 and aims to (1) reduce the greenhouse gas (GHG) intensity of the energy used by ships, (2) increase the use of onshore power supply (OPS) in main European ports for containerships and passenger ships and (3) incentivise the uptake of renewable and sustainable fuels.

The 'Shipping Company' will be responsible for complying with the regulation and is defined as the shipowner, the manager or the bareboat charterer assuming responsibility of the operation of the ship or technical manager i.e. Document of Compliance (DOC) Holder.

Ships with a higher GHG intensity than the threshold (a 'compliance deficit') will pay a remedial penalty proportional to their compliance deficit. Ships may also be issued an expulsion order if they are non-compliant for two consecutive years.

To comply with the regulations, Shipping Companies will be able to 'bank' compliance surpluses, 'borrow' when in deficit and 'pool' ships together in order to balance the GHG intensity targets. The use of alternative fuels is also encouraged to attain compliance with the regulations, though not all fuels will qualify. In particular, biofuels will have to comply the Renewable Energy Directive (RED). Many contractual considerations must therefore be taken into account.

### Ship Managers

As the DOC holder will be responsible for complying with the regulations, it is important to amend the ship management contract. The contract should ensure that the managers are responsible for compliance and fulfilling certain obligations under the regulations, such as reporting and submitting a monitoring plan to the administration.

It is also important for owners to be regularly updated and to keep track of the aggregated compliance balance during each reporting period. This will enable the owners to determine their strategy on dealing with FuelEU Maritime.

As the ship manager will be responsible for paying fines, the parties should agree on an appropriate form and amount of security corresponding to the manager's potential exposure. The contract should also set out the agreed timeframe for owners to transfer the funds to indemnify the manager against potential fines, as well as the consequences if funds are not transferred (such as termination).

Lastly, the contract should clarify who is entitled to take any benefits from banking, borrowing and pooling.

All the above issues (and more) are dealt with in the BIMCO FuelEU Maritime Clause for SHIPMAN 2024. The Club strongly encourages Members to consider adopting this clause.

Time charterparties

In the absence of a clause, it is unlikely that owners will be entitled to either refuse to sail to the EU to avoid paying fines or claim an implied indemnity from charterers if they are subject to a fine. The following are issues which parties should consider.

Description of the ship and warranties

In order to avoid disputes on the bunker tank capacity of the ship, the charterparty should clearly identify which tanks will be segregated for the use of biofuels so that the charterer can plan ahead when ordering VLSFO and biofuels. Furthermore, alternative fuels can have a lower calorific content compared with traditional fossil fuels. As such, owners should think about suspending performance warranties when using alternative fuels.

Use of biofuels

To comply with the regulations and benefit from a lower GHG intensity, biofuels must comply with the RED. The charterparty should therefore set out the required specifications and certifications. Evidence of certification should be provided and the bunker delivery note (BDN) include details of the GHG intensity.

The charterparty should also identify what standards the fuels should apply. For example, ISO 8217: 2017 only allows for 7% FAME. Biofuels will have significantly higher FAME contents. ISO 8217:2024 allows up to 100% FAME.

Issues to be dealt in the ‘FuelEU’ Clause in a time charterparty

Owners should warrant that their vessel complies with the regulations - monitoring plan, GHG emissions monitored and reported for verification by an independent verifier.

If the charterer does not supply fuel, which enables owners to comply with the regulations, can owners refuse to sail to the EU? Alternatively (and more realistically), owners should be indemnified for the potential penalty that they will face. The charterparty should provide clarity as to how the compensation should be calculated and whether off-hire should be taken into account. The charter should also clearly set out when the surcharge is payable (every 15 days/month, end of the voyage, end of the charter).

If the charterer is to supply compliant fuel, who will benefit from the ability to bank and pool the compliance surplus? If owners are to obtain these benefits, charterers should be compensated as they have incurred additional costs stemming alternative fuels at a higher price.

Lastly, if the ship is issued an expulsion order, can charterers terminate the charterparty?

All the above issues are dealt with in the BIMCO FuelEU Maritime Clause for Time Charter Parties 2024. Again, the Club strongly encourages Members to consider adopting this clause.



# QWEST FORENSICS

## Adrian Roberts

Client Engagement Lead,  
Qwest Forensics

Adrian is the lead for client engagement at Qwest Forensics. He joined the team in Sept 2023 following a 33-year career in policing, retiring as an Assistant Chief Constable. He has an unusual breadth of experience having worked regionally, nationally and internationally in spheres as diverse as neighbourhood policing, uniformed specialist operations, national security, homicide and major crime investigation. Adrian has a Bachelors' degree in Business Economics & Accounting from Southampton University and a Diploma in Criminology from the University of Cambridge. He holds the Queen's Ebola Medal for Service in West Africa.



In the complex maritime world, effective risk management, a full understanding of the facts and the ability to recover losses are key.

That's why, since 2020, West has partnered with Qwest Forensics, an established team of law enforcement specialists, ensuring reliable, timely and cost-effective access to a wide range of forensic intelligence services.

Whilst flexibly responding to any problem posed, Qwest Forensics particularly specialises in Enhanced Due Diligence (EDD)/Know Your Client (KYC), Asset Tracing and Maritime Intelligence Investigations and, somewhat uniquely, allows evidential use of its products, all of which are developed fresh to order, ensuring their absolute currency. While many investigations are desk-based, Qwest Forensics has the ability to put 'boots on the ground' if required.

With sector-wide concerns about the potential for unscrupulous counter-parties, concealment of sanctions and even fraudulent claims, a clearly under-commissioned service is EDD/KYC. In an era of fast-paced trading and cost-sensitivity, it is perhaps easy to understand why some shipowners and charterers may be tempted to skimp on thorough checks. However, they do so at their peril, with the costly risks of contract default, non-payment, confiscated cargo or ship and crew arrest, ever real.

Fortunately, Qwest Forensics is here to help. Take, for example, the 2023 case of a West P&I Member who was invited to ship a cargo of grains from Romania to Italy on an intermediary basis. The other party was a UK registered company whose Director was named, but both were new to the Member. It looked fairly straightforward, but the Member had the foresight to task Qwest Forensics with establishing the bona fides and trading history of the parties. It was as well they did. In a quick turnaround, Qwest Forensics was able to establish that whilst the UK company did indeed exist and was registered to an address in Hampshire, so were – either currently or previously – a number of other companies sharing the same Director. Further, the address given was merely a 'front' and none of the companies in question had any active commodity trading history. But that was only the start. The Director was identified as an Italian national who shared his name, job title, and port of operation with an individual linked to Eastern European crime gangs.





He was almost certainly the same person. This individual had twice been investigated by the Italian authorities in connection with grain shipments from the same country of origin to the same destination port now being proposed. In those previous shipments, illicit drugs and/or firearms had, at various times, been found. Suffice to say, the Member did not proceed with the deal.

Of course, whether or not EDD/KYC has been undertaken, things can inevitably go wrong, albeit less frequently or perhaps more readily resolved, where suitable background checks have been effected. Whether it's a plain case of the need for financial recovery from one of the parties or something more complex, where the facts/circumstances are disputed, Qwest Forensics can help.

When a client needs to know whether there is economic merit in initiating a legal action, or has an award they wish to enforce, Qwest Forensics' asset tracing service is there for you. In a recent case, a Senior Claims Handler at West commissioned a Qwest Forensics asset investigation for a Member on a precautionary basis in anticipation of a claim from a cargo owner which would have needed to be recovered from the charterer. This followed alleged damage to a cargo of steel during discharge, West issuing security of over US\$ 1m to avoid the Member's vessel being delayed or arrested, and a rejected effort to obtain counter security from the charterer's club under the Inter-Club Agreement. Qwest Forensics' investigation into the charterer identified them as a Chinese registered company with two trading names, a single identified beneficial China-resident owner and an identified Chinese bank. Further, through shared address and contact details, there was a strong likelihood that the company was identical to a third company which operated three named bulk carriers whose ownership and whereabouts were identified. This provided the option of proactive tracking with a view to arrest in a favourable jurisdiction, another

of Qwest Forensics' offered services. Whilst accounts were not available, Qwest Forensics was able to report that there was no evidence of negative financial standing in terms of debts, tax liens or bankruptcy; and that the charterer was not subject of sanctions. Finally, Qwest Forensics was able to demonstrate that a claimed corporate operation in the Seychelles was seemingly spurious, there being no associated corporate registration and the stated address relating to a provider of business services. In the event, no claim from the cargo owner finally arose, so no action by the Member against the charterer was required, but the Member was well placed to initiate action if needed.

Beyond the 'standard' products of EDD/KYC and Asset Tracing, the highly experienced detective team at Qwest Forensics has the ability to manage a wide variety of bespoke Maritime Intelligence Investigations. These include cable and pipeline breaches, damage and delays at port, 'dark ships', missing seafarers and illicit drugs consignments, to name but a few. A complex cargo example, which drew upon vessel tracking analysis and broader investigative skills, involved detailed scrutiny of ship and loading movements, and enquiry as to local conditions, at a West African port. This was to establish why, following a dockside conveyor breakdown, over a three-month period, other vessels received their bauxite cargoes, whereas our charterer client didn't. Qwest Forensics was able to establish an absence of alternative berths suitable for a vessel the size of our clients, and control by competitor suppliers of other loading facilities such as tender and payloaders. Following temporary repairs, some other vessels did though seemingly 'jump the queue'. These findings enabled our client to properly argue, for at least some of the delay period, the engagement of force majeure in regard to a demurrage claim by the shipowner.

Whether a claims handler, underwriter, ship owner, charterer or legal advisor, to discuss the art of the possible, reach out to Qwest Forensics at [forensics@qwestmaritime.com](mailto:forensics@qwestmaritime.com)

# LIABILITY FOR IMPROPER STOWAGE

At common law, an owner or carrier is liable for damage due to improper stowage of the cargo. However, most charterparties contractually shift this responsibility onto charterers.

## Most charterparties hold charterers responsible for the stowage

One example is Clause 8 of the New York Produce Exchange (NYPE) form which states that: "...Charterers are to load, stow, and trim the cargo at their expense under the supervision of the captain...". Similar clauses exist in voyage charterparties (Gencon Clause 5).

## Do words such as "under the supervision of the captain..." have the effect of shifting responsibility back to the owner?

Words such as "under the supervision of the captain..." (Clause 8 NYPE) have no effect whatsoever in relieving the charterers of their primary duty to stow safely. It is merely a reservation of the right of the captain to supervise.

## What if the crew perform the stowage?

The fact that the crew negligently fails to adequately lash the cargo under the direction of the charterer's supercargo, does not transfer responsibility to the owners. The crew merely acts as agents of the charterer.

## When can the owner be responsible for the stowage?

If the master overrides charterer's orders or has a particular knowledge of the ship which stevedores/charterers are not expected to know, then owners may be liable.

Similarly, if words such as 'and responsibility' after 'supervision' are added to the charter, the owner will be responsible. In order to reverse this position, it is necessary for the charterer to have intervened and caused the loss. It is not sufficient that the stevedores (engaged and paid for by the charterers) are at fault.

## Will the owner be responsible if the stowage is so bad that it renders the ship unseaworthy?

Owners are responsible for the ship's seaworthiness. When the stowage is so bad that it renders the ship unseaworthy, does the owner become liable despite charterers being responsible for stowage? This is an argument often put forward by charterers but has not been accepted by the courts as it would mean the charterer would benefit from its own breach. The owner has therefore no duty to intervene.

### Julien Rabeux

Head of Claims (Singapore),  
West P&I

Julien is Head of Claims in West's Singapore Office. He studied law in France and England and subsequently qualified as a solicitor in a London shipping law firm. Julien was based in West of England's Hong Kong Office for 5 years, before moving to Singapore when the Club launched its office there. Prior to joining the Club, Julien worked for another IG Club in London for 7 years.



Provided the charter is properly incorporated in the bill of lading, the responsibility for improper stowage loading, discharging should transfer to the shipper or receivers.

**The carrier is responsible for loading, stowing and discharging under the bill of lading**

Under the Hague/Hague Visby Rules, the carrier has a contractual duty to “...properly and carefully load, handle stow, carry, keep, care for and discharge the goods carried” (Art. III, rule 2). It flows that under a bill of lading the carrier will be liable for damage for improper loading, stowing, discharging.

**Transfer of responsibility to the shipper and/or receiver: incorporation of the charterparty into the bill of lading**

In certain circumstances the carrier can transfer the responsibility for such operations to the bill of lading holder. In effect, provided that the intentions of the parties are sufficiently expressed in the contract of carriage, Art III, rule 2 does not prevent the parties from allocating responsibility between themselves for carrying out and bearing responsibility for particular cargo operations.

If a charterparty clause states that all risks and liabilities associated with the loading, stowage and discharging of the cargo are borne by the charterers’, then provided the charter is properly incorporated in the bill of lading, the responsibility for improper stowage loading, discharging, stevedore damage, theft during discharge or loading should transfer to the shipper or receivers. In other words, the word ‘charterers’ should be validly substituted by the words ‘shipper’ and/or ‘receiver’ and the carrier will be able to defend the claim in its entirety.



# MARINE BIOFUELS

Global shipping currently bunkers 230 million mt of fuel per year, which equates to 716 million mt of CO<sub>2</sub>-equivalent emissions when burnt as the majority of the fuel continues to be traditional fossil fuels. Across 2024, the fuel mix with respect to samples received for testing in VPS laboratories equated to more than 65 million mt. Very low sulphur fuel oil (VLSFO) being the most popular, equated to 52% of fuels received, followed by 32% high sulphur fuel oil (HSFO), 14% MGO, 1% ultra-low sulphur fuel oil (ULSFO) and 1% biofuels. As regards to biofuels, the samples tested by VPS equated to an increase from 558,000mt in 2023 to 800,000mt bunkered in 2024.

## Steve Bee

Group Commercial & Business Development Director,  
VPS



Steve is the Group Commercial & Business Development Director for Veritas Petroleum Services, the market leader in marine fuel testing and inspection services and is responsible for the development and implementation of VPS global commercial strategy to grow marine services within the ship owner/operator market. Steve joined VPS on 1st July 2016 with 20 years experience in international B2B technical sales and management.

Graduating from Northumbria University with a BSc (Hons) in Applied Chemistry, Steve worked as an R&D Chemist for BNFL, ICI and Sanofi-Aventis, before joining Anachem Ltd, in a commercial role within laboratory instrumentation.

Progressing his international commercial career, Steve moved from technical sales to Sales & Marketing Manager, before becoming the General Manager for a1-Envirotech, gaining formal business management qualifications and awards along the way.

Steve joined Lintec Testing Services Ltd, a wholly-owned subsidiary of Intertek, as Operations & Key Accounts Manager in 2007, before becoming General Manager of Lintec in 2011 then Director of Intertek ShipCare in June 2012, a role held until joining VPS last year.



Despite this low level of utilisation, biofuels currently offer an attractive and immediate path to CO<sub>2</sub> reduction. As a ‘drop-in’ fuel option, using existing delivery, storage, fuel-transfer and engine operation processes, biofuels provide a decarbonisation solution with minimal change. For over four years, VPS has been at the forefront of fuels research and development with continuing innovative development of biofuels test methods.

### Biofuels

Currently, we are seeing an exponential increase in biofuel demand. Between 2021 to 2024, biofuels samples received by VPS increased from 70,000mt to over 800,000mt delivered fuel.

In 2024, Europe provided the highest volume of biofuels with over 400Kmt (ca. 50%). Singapore was second (ca. 38%), providing just over 300Kmt. Singapore tripled its biofuel bunkerings, whilst Asia Pacific grew five-fold in 12 months. 2024 showed low-percentage bio- blends, i.e. B10-B30, increase in demand, whilst B100 demand significantly decreased. This is likely due to FAME availability and price.

For FAME-based biofuels, there are six key quality considerations to take into account. Firstly, oxidation stability, as FAME can oxidise and destabilise very quickly. As FAME destabilises, it becomes considerably darker in appearance, more viscous and more acidic. VPS utilise three tests to establish a fuel’s level of stability: the Rancimat Test, which is a deliberate aging test, where we look to implement a ‘traffic-light’ assessment of green for a greater than 8 hours result, amber for a 5-8 hour result and red for a

less than 5 hour result. We then use the Iodine Value Test, to measure the degree of unsaturation and potential reactivity of the biofuel. Thirdly, we measure linoleic acid and linolenic acid levels via gas chromatography (GC) for polyunsaturated fatty acid determination.

FAME has poor cold-flow properties, therefore we use the traditional tests of cloud point, cold- filter plugging point and pour point to determine these. However, when the blend is a dark fuel, then we use proprietary VPS Wax Appearance Temperature Testing.

FAME can be corrosive, so we test for Total Acid Number, but also undertake copper and steel corrosion testing as it’s also corrosive towards certain surfaces.

FAME loves water, which can create a breeding environment for bugs. Consequently, Bacteria/Yeast/Fungi testing is key to monitoring the level of microbial activity.

Knowing the calorific value is essential and with fossil fuels this can be determined using a calculation within ISO8217. However, due to the higher oxygen content of FAME, this calculation is inaccurate for biofuels where the FAME content is greater than 10% and therefore the laboratory test ASTM D240 must be used to determine the energy content. Many tests to determine the renewable content of biofuel have poor repeatability and reproducibility. To overcome this, VPS have modified EN14078 to produce a much more accurate determination of renewable content, which is and will be so key in ensuring correct levels of carbon taxation is paid by vessels.

One key question going forward is, “Is my biofuel truly sustainable?”.

FAME can include a varying mix of the different methyl esters, depending upon the feedstock source, for example using palm oil, or sunflower oil will see different FAME mixes to each other. VPS has refined EN14103 (Determination of Ester Content of Fame) to enable the identification and measurement of individual FAME components in neat FAME and FAME-Fossil blends, to create a FAME fingerprint library, to help identify the source/feedstock.

### Bio-Alternatives

Whilst FAME is the most common bio-component used within marine biofuels, hydrogenated vegetable oil (HVO) and cashew nut shell liquid (CNSL) are also considered bio-options. We know FAME is highly unsaturated causing high instability. It has lower energy content (37MJ/Kg), poor cold-flow properties, increasing acid number upon oxidation and prone to damaging microbial growth. HVO, by contrast, is produced by hydrogenation making it more stable than FAME, with a higher energy content (44 MJ/Kg), better cold-flow properties, zero sulphur content, lower corrosivity, with little chance of microbial activity. The negatives to HVO are the higher cost and lower levels of availability.

CNSL has good oxidation stability but it is phenolic - so highly reactive and very corrosive - but with medium energy content, good cold-flow properties and no microbial activity. However, CNSL is being found as a contaminant in VLSFO/HSFO fuels, causing many vessel-operational issues. To this end, VPS have developed a new gas chromatography-mass spectrometry-screening method which can detect CNSL within fossil fuels.

### ISO8217:2024

ISO8217:2024, published in June 2024, now accounts for the presence of FAME, HVO, GTL, BTL, within the marine fuel quality standard’s Tables 1 & 3. Whilst VPS sees ISO8217:2024 as a major step forward as a standard covering the changing fuel mix, it’s not a comprehensive test slate. To provide further peace-of-mind to customers using biofuels, VPS introduced a range of wider test parameters under our APS-Bio service, covering FAME, HVO, CNSL, when blended with fossil fuels, or 100% FAME or HVO.

### Summary

As decarbonisation and legislation drives the development of low-to-zero carbon fuels, demand for biofuels is growing, especially B10-B30 blends in Europe and Singapore, as they provide an excellent way to achieve immediate emissions reduction. ISO8217:2024 now recognises biofuels, but this revision is still not a comprehensive test slate, therefore VPS developed the APS-Bio packages to provide greater peace of mind for our customers whose interest and commitment to biofuels is increasing. All of this is evidence that the global shipping industry is well on its way and intent on delivering upon its decarbonisation goals, but with many challenges still to overcome.

For more information please contact Steve Bee at:  
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# ON THE HORIZON

## Ship Recycling – Hong Kong International Convention

The Hong Kong International Convention (HKC) was first adopted in 2009; a decade later, it will now enter into force on 26 June 2025. This Convention aims to establish a framework for the safe and environmentally sound recycling of ships, addressing the issues of ship dismantling and ensuring that hazardous materials are correctly managed. The HKC applies to all Member States-flagged ships and recycling facilities operating under the jurisdiction of countries party to the Convention.

The Hong Kong Convention addresses the growing concerns surrounding ship dismantling, particularly in developing countries where safety and environmental regulations may be lacking. With an estimated 1,000 ships being scrapped annually, the need for a robust regulatory framework has never been more pressing. The Convention establishes guidelines for ship recycling facilities to ensure that they operate safely and responsibly.

The key requirements are summarised below:

- Ships that are greater than 500 GT must have a certified Inventory of Hazardous Material (IHM). This is to be maintained and updated throughout the vessel's life cycle. For ships contracted for construction before 26 June 2025, their IHM must be developed no later than 5 years after the Convention enter force (26th June 2030) or prior to the ship's recycling.
- The facilities that are used in ship recycling need to be authorised by their competent authorities and can only accept ships that comply with the Convention.

To monitor compliance with the Convention, surveys will be conducted throughout the ship's life cycle. An International Certificate of the List of Hazardous Materials will be issued on the ship's initial survey. Subsequent renewal surveys must confirm that Part 1 of the IHM complies with the requirements set out in Regulation 5 of the Annex in HKC. Before the ship is recycled, a final survey is carried out and an International Certificate of Readiness for Disposal is issued.

Documentation stating that a ship complies with the HKC does not replace the documentation required by EU Ship Recycling Regulation (EU-SRR). Ships flagged under EU states or calling at anchorages or ports within the EU are required to ensure they comply with the standards of the EU-SRR and have the necessary supporting documentation.

### Emma Forbes-Gearey

Loss Prevention Officer,  
West P&I



Emma, who holds an MSc in Sustainable Maritime Operations, worked as a Deck Officer for four years and gained experience on a range of vessels, such as combination carriers, passenger ships, and yachts. In 2019, she joined the Club after transitioning directly from her seagoing career and now attends to Loss Prevention matters.

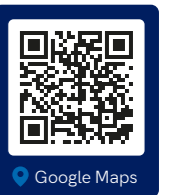
**Spela Korosec**

Management and Corporate Assistant,  
West P&I



Spela joined West in October 2023, bringing with her a diverse professional background from outside the maritime sector. Believe it or not, she studied History of Art at the Free University of Brussels (ULB). She then gained experience working for the Luxembourg Trade and Companies Register, followed by several years in a fiduciary role, before joining a well-known law firm as a paralegal. She now assists Olivier Le Bescond, the General Manager in Luxembourg, by helping to ensure that the governance of West's companies is up to date with regulatory requirements, handling licence renewals and compliance requests, and performing various other administrative tasks relating to the Club.

# SPOTLIGHT LUXEMBOURG



The history of the Luxembourg office dates back to the 1970s, when the Club relocated its head office to Luxembourg to benefit from its regulatory and political stability, and from the country's capacity to support businesses trading globally.

Since that time and the subsequent development of the European single market, Luxembourg has developed considerably as a centre for financial services, now being home to nearly 300 insurance and reinsurance companies writing nearly \$40 billion of insurance premium (equally balanced between non-life and life insurance) and employing some 15,000 people. In addition to West, Luxembourg has also been home for the Shipowners' Club and in more recent times, Britannia.

### The Role of Luxembourg's Team

The Luxembourg team is responsible for managing the Club's governance, regulatory activities and overseeing the Club's investment portfolio. Their work involves ensuring compliance with an ever-evolving regulatory environment and reporting to various national and international authorities, not only for the Club itself but also for other group entities domiciled in Luxembourg such as the Club's management company and reinsurance captive.

The Grand Ducal Palace is just a few minutes from the office and houses the Grand Duke's office.



# LUXEMBOURG - a reputable and centrally located hub for global insurance services

The Luxembourg West team of the 80-90s (from left to right—Sohail Kazi, Christine Heath, Veronika Kappes-Corre and Philip Aspden).



The current Luxembourg West team (from left to right—Didier Boespflug, Victoria Lilti, Olivier Le Bescond and Spela Korosec).



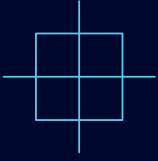
### A Small But Dedicated Team

The Luxembourg office employs a team of four, led by the Club's General Manager, working in close collaboration with colleagues globally and welcoming Directors several times a year for Board meetings. The enduring success of the Luxembourg office is reflected in the impressive tenure of its staff over the years. One of the most notable figures in the office's history was Philip Aspden who joined the Club as the Association's Secretary in May 1979, became its General Manager in 1986 to only fully retire in 2013.

In recent years, a new generation has joined the team, with Thierry Brevet leading the office between 2013 and 2021, and now Olivier Le Bescond since Thierry's retirement.

In conclusion, the location of the Club's head office in Luxembourg, a reputable and central hub for insurance services globally, and the commitment of the staff locally, makes an ideal combination to support the Club's operations and to ensure that the Club can deliver services to its Membership globally.

Although small in personnel terms compared to the other of the Club's offices, the head office in Luxembourg - a reputable and centrally located hub for global insurance services - and its dedicated local team, plays an essential part in supporting the Club's operations and ensuring it can effectively serve its Membership globally.



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