

# Trade & Transportation Insurance News

IUMI 2006

December 2006

## Introduction

The annual International Union of Marine Insurance (IUMI) conference was held in Tokyo during September.

The theme of this year's conference was "Risk Assessment and Loss Prevention – A Common Goal".

Issues from the conference and in particular those that impact Australia are highlighted below.

### Facts & Figures

- Container vessel tonnage has increased by 76.4% between 2000 – 2006. Driven by larger vessel size.
- In 2005 65% of world container traffic was attributed to Asian Ports, with the top 8 Chinese ports representing 26.5%.
- Piracy rose 8% in the first quarter of 2006 compared with the previous year and in 2005 there were 650 kidnappings at sea.
- 25% of the world's sea trade and 40% of global oil shipments pass through the Straits of Malacca where piracy is prevalent and which at its narrowest point is only 1 nautical mile wide.

## Disclaimer

This newsletter is for information purposes only.

## Container Vessels

The recent introduction into service of the world's largest container vessel, the 11,000 TEU (twenty foot equivalent unit) Emma Maersk, saw a significant focus on the risks associated with larger vessels.

Amongst the issues highlighted:

- Increased risk of fire, particularly if it occurs in a container above deck.
- Estimated that 1 in 10 containers holds hazardous cargo.
- Recent survey of documentation from 25,000 containers found 32% were misdeclared.
- Misdeclaring container weight is also an issue for shippers.
- Excessive rolling of vessels at sea has increased due to modern ship design, leading to more loss of containers overboard.

In order to handle vessels of this size it will require an upgrade to port infrastructure such as dredging deeper channels in order to accommodate anticipated future growth.

In the year 2004/05 some 5 million containers were discharged at Australian ports and this figure is set to grow to 15 million by 2024/25.

## Salvage

The increase in vessel size leads to further complications when large container vessels run into trouble. Not only is the cost of salvaging these ships becoming

more expensive, the technology to undertake a successful salvage is not necessarily available. This is likely to impact all involved, including those with cargo onboard, in the event a General Average is declared (for further information on General Average see our September 2006 newsletter).

## Cargo Handling

Not all parties are aware of how their cargo is handled when using certain ports. For example in Hong Kong 40% of containers (9 million TEUs in 2005) are unloaded onto barges as the port cannot handle this volume of traffic at its berths.

These midstream operations can increase the risk of damage to cargo, as the containers are subject to greater movement by barge cranes rather than the shore cranes. In addition the handling of cargo is more affected by weather & hydrological conditions.

Loss prevention can be aided by using shippers with onshore berths and ensuring the goods are adequately packed for the voyage.

## Information

Further information on IUMI 2006, along with a number of other useful maritime sites, can be found on the links page of our updated website [www.veronationalmarine.com.au](http://www.veronationalmarine.com.au)

**The Team at  
Vero National Marine**