

# Guidance in maintaining supply chains: TT Club's support during the pandemic

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Naturally governments – both state and national – are desperately seeking to restore the consumer economy by tentatively easing social restrictions. The supply chain environment however remains significantly disrupted and operators continue to face many challenges. International freight insurer, TT Club seeks to guide them with advice for turbulent times.

“ *Extraordinary circumstances will often require innovative and exceptional practices.* ”



For those involved in import and export alike, the diverse governmental responses to the pandemic at home and around the globe have created a variable demand for goods, complex regulatory structures, and significantly changed trade patterns. While the current circumstances facing global supply chains and the operators that serve it are truly challenging, there is a strong need for carefully considered and pragmatic advice on real issues. TT Club with unique insight into the nature and extent of risk exposures drawn from over fifty years as a specialist freight and logistics insurer has compiled recommendations for mitigating measures that operators might find useful in combatting current challenges.

Contained within TT Club's frequently asked questions (FAQs)\* housed on its dedicated COVID-19 webpage, together with risk briefings, the insurer sets out wide-ranging and detailed advice to freight forwarders, logistics and transport operators, carriers and cargo handlers on matters of safety, security and liability unusual to the current situation.

Among the expanding list of questions dealt with by TT Club's FAQ service, the issue of cargo abandonment could be particularly salient to many. There is likely to be an increase in the abandonment of low value cargoes in containers, either delayed in transit or for which a market is no longer available. Once cargo is abandoned, there is a range of operational, legal and potentially regulatory challenges for all stakeholders in the supply chain. Where cargo is already generally

accumulating at terminals, depots and warehouses, space may well be at a premium. Whilst contractually there is a mechanism to recover costs incurred or chargeable in relation to cargo that becomes abandoned, often the shipper and consignee are difficult to track and may have few material assets, making recovery costly, time-consuming and complex.

Stakeholders should, in 'normal' circumstances, employ a sound record keeping regime. At this time more than ever good management controls should be in place to monitor the arrival, clearance and collection of cargo at destination. Issues can then be identified at the earliest opportunity. The general guidance is to act as soon as the situation manifests itself.

The advisability of altering the terms of Standard Terms and Conditions (STCs) and bills of lading in order to protect against specific pandemic liabilities is also an issue of common concern. The terms of most bills of lading have substantial commonality and are linked to generally well-established statutory or case-law principles. While it is always good practice to review bill of lading wording periodically, this may not now be an immediate priority. At the same time, it should be remembered that bills of lading will incorporate national and international law that will often be paramount, particularly in relation to events that may exempt the carrier from liability, including force majeure provisions.

With reference to national laws, a number of regulators have offered relaxations regarding enforcement of safety compliance issues, including periodic equipment and vehicle maintenance schedules. These relaxations intend to provide short-term relief to operators to help facilitate continued delivery of critical goods and services. However, increased vigilance regarding any applicable relaxations should be employed and close contact with the state of such relevant regulations is advised to ensure operators remain compliant overall. Whilst strict enforcement may be relaxed, there is a continued duty of care towards other stakeholders and the general public.

Workforce safety is a critical issue while many transport operations under government guidance continue to be an essential service. The TT Club FAQs give necessary advice concerning the provision of a safe working environment for staff and others, including such things as adhering to the recommended social distancing. There are a number of primary measures outlined in the FAQs that stakeholders can take to ensure the protection of staff and others in the workplace.

As far as ports and terminals are concerned, seafarer welfare at their facilities is in sharp focus at the moment. Many face a responsibility for properly protecting all involved in the safe transfer of ships' crews, many of whom have had protracted periods at sea. Governmental mandates will inevitably differ in this regard and those managing ship husbandry will need to remain in close contact with the local authorities to ensure they meet such requirements. Subject to specific requirements, operators may consider implementing health screening and restricting access to crew or others arriving at the port facility. Communication with customers, especially with those carriers that ordinarily undertake crew changeovers at the location, is essential to evaluate the available options.

Other concerns covered by the FAQs include: dealing with customers whose cargo delivery has been delayed and the proper use of *force majeure* clauses in contracts; advice on demurrage and detention charges; temporary closure of premises; paperwork delivery and signature authentication.

Extraordinary circumstances will often require innovative and exceptional

practices. At this time, while supply chain stakeholders strive to maintain their critical operations effectively, TT Club seeks to provide input that supports sound, safe practices, protecting as far as possible against unexpected risks and liabilities.

\* <https://www.ttclub.com/news-events/coronavirus-guidance/>



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