

Circular Ref: 2017/0001**Date: 16 January 2017****BE Careful****- Vessel arrested in DUBAI by a Bunker Trader**

FDD department was recently involved on a case where the time charterers, a few months previously, ordered the bunkers. Since then, the vessel was delivered back to the ship owners. After a few months, when the vessel was again in Dubai to take on the bunkers, a bunker trader arrested the vessel. This supply of bunker was done in a long chain of contracts, and at one end to the chain was the physical supplier, and another end was the bunker trader. It seems that all have been paid their dues except the bunker trader. The case is still on-going, and the intention of this Circular is for the clients of Andrew Liu to pre-empt such situations that are costly and in a way very unfair to the Owners.

To the utter shock of the ship owners, the bunker trader after arresting the vessel, provided the Bunker Delivery Note ('BDN'), which was completely different from the actual BDN. Actual BDN was having the logo and terms and conditions of the physical supplier, and the new BDN supplied by the bunker trader had no such logo or terms and conditions of the physical supplier. Whether this is allowed in the UAE law, it is still not clear and the case is however on-going. On carrying out investigations, it appears that the trader has been arresting the vessel regularly on many previous occasions with their team of costly lawyers. Even the release of the vessel from arrest is not simple in Dubai. It seems it will take three days after the security has been deposited in the local court. Many Owners just pay these traders and their lawyers to release the vessel as quickly as possible and this has led these traders even to become higher and mighty.

FDD office based in Shanghai advice to the clients of Andrew Liu is that:

- (a) The legal position in Dubai is not clear, and the ship owners or Disponent Owners must do whatever to avoid this kind of situation.
- (b) We have warned the Clients earlier as well, and refer to this as a general circular on such issues. (See ALCO Circular 2016/0008.
- (c) Ship staff should keep a record of all BDN and other documents. They should make a remark that bunker has been received on behalf of time Charterers, and Ship owner has not ordered these bunkers. In none of the emails originating at the ship owners' desk, it should ever appear that the ship owners are ordering the bunkers.
- (d) FDD legal consultants as part of additional service provided by ALCO can be contacted to negotiate or start working on the matter.

Source of Information: Andrew Liu & Co., Ltd www.andrewliu.com.hk