

Rio de Janeiro, 17th September 2019

Messrs. FMC

Congratulations to FMC for bring this topic to the light. I really hope and believe that, if a serious institution, like FMC, start to push to clarify demurrage and detention subject – in a near future other countries will do the same.

In a first moment I would like to reinforce that I am not against demurrage / detention surcharge, when its used to avoid abuse from clients that retain equipment, without reason. That was the first idea and reason to create this surcharge – unfortunately it is not happening in this way.

In Brazil we have situation that companies pays demurrage that correspond to 10 times the residual value of equipment. Other companies that broken due to demurrages problems – in some cases if we consider the demurrage / detention cost X total number of times that the subject unit could have been used during the same period of time, we can see that freight collection would be much less than demurrage in the same period of time. **In** other words, they make more money with demurrage than with their regular operation.

Nowadays is more profitable to receive demurrage instead of freight – clean money without real operational cost (bunker, vessel hire, overhead etc.)

Today shipping cos receive more money with demurrage instead of freight. It is immoral that one company pays Usd 0,60 as per diem to Leasing cos. and charge for the same unit USD 150,00 as demurrage/detention.

The worst point here – in case of strike in the terminal – that is a service provider to the Shipping company – final client – that is not directly involved in the agreement between shipping cos and cntr terminal, will pay the demurrage invoice.

If the terminal is full of empties and final client cannot return equipment – this client shall pay for demurrage / detention.

Now in Brazil and most probably in other countries too- clients need to ask 48 hours in advance authorization to return equipment, but in case of demurrage / detention this 48 hours is considered as clients delay subject to detention.

If we check the demurrage / detention table of top 5 Shipping cos. We can see that values and free time period are very close. Another important point why amount and free time change from country to country???

It is unacceptable – today exporters and importers depend on a few shipping companies that establish the rule of the game. Very soon those companies will start to affect the economy of countries that depend on them to move their cargo.

Once again, I am not against to recover amount lost, but what we have today is companies that are making a lot of money and affecting small companies that are on their hands.

I really hope that FMC find a way to control it and other countries follow this procedure.

Thanks for the opportunity

Kindly regards

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