

The purpose of the TP&I News is to provide the latest news for the shipowners, charterers, as well as any other maritime interests around the globe. Each issue of TP&I News will include a focused review section of several articles on a topic of current interest.<sup>1</sup>

## 1. There Is A Shortage Of Warehouses For 118.5 Million Tons Of Grains In Brazil

Inadequate Storage, In Silo-Bags Or In The Open Air, Can Lead To Moisture Or Contamination Of Commodities Such As Soybeans And Corn

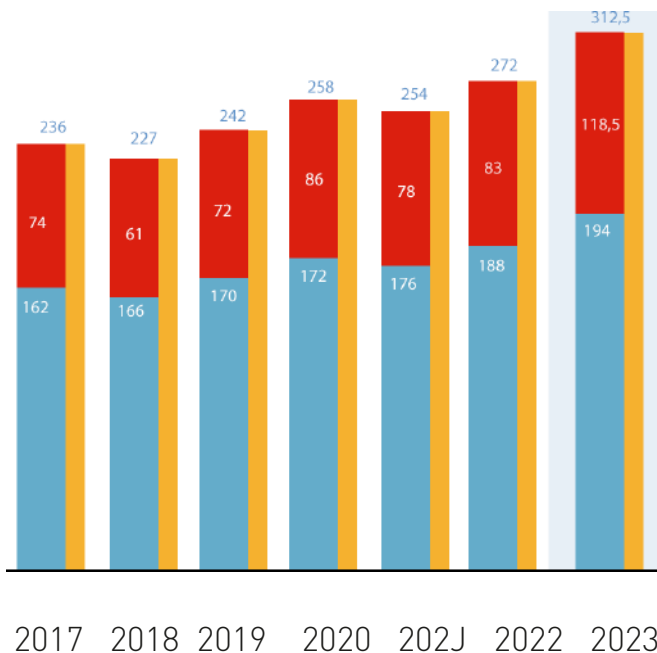
### INTRODUCTION

Over 312.5 million tons of grains are expected to be produced in Brazil this year, according to forecasts from the National Supply Company (Conab). However, only 194 million tons can be stored properly. This is because there is a storage deficit of 118.5 million tons throughout the country, forcing producers to store products like soybeans and corn in silo-bags or even in the open air, exposing the goods to moisture, animals, and other threats to the quality of the grain sold in the international market.

With reference to the Ministerial Resolution No. 14 of 2018 and the Ministerial Resolution No. 102 of 2017, Ships double banking is strictly prohibited for all types of ships in UAE waters including the exclusive economic zones without the permission from the local port authorities or the Federal Maritime Administration (FMA).



Source: Brazil P&I



Static Storage for grains  
195 millions tons  
(source Abimaq)

Protected grain production  
312.5 millions tons  
(Souce: Conab)

Deficit  
118.5 milion tons

#### <sup>1</sup> Disclaimer

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These data are from the Sectoral Chamber of Grain Storage Equipment of the Brazilian Association of Machinery and Equipment Industry (Abimaq). They show that the situation has been worsening year by year, especially in the face of successive records in Brazilian agribusiness production.

"In the last 15, 20 years, until 2022, Brazilian production grew by an average of 10 million tons per year. And storage grew at half that rate. Starting last year, production increased almost five times, while storage remained at the same pace. And what we have today is a deficit that jumped from 83 million tons to 118.5 million tons," explained the president of the Abimaq sectoral chamber, Paulo Bertollini.

According to the executive, in the United States, producers have the capacity to store their entire production for up to one and a half harvests. Furthermore, 66% of static grain storage capacity is located within farms. This eliminates waste in transportation, as well as impacts on the logistics chain, since silos located at ports should only be used for products that are close to shipment.

## Corn

The problem of inadequate grain storage also becomes a decisive factor for the commercialization of commodities. This happens at a time when Brazil is poised to become the world's largest exporter of the product. There is an estimated increase of 2.7% in the planted area and a further 10% in sector productivity.

According to Conab, corn production is expected to reach a record of around 127.7 million tons this year. This represents a 12.9% increase compared to the previous crop.

Out of this total, 48 million tons are expected to be allocated for export. Currently, silos are still loaded with surplus soybeans and there will be no space for the corn harvest, which has a lower market value and tends to be stored in silo-bags and in the open air.

While around 4 tons of soybeans are produced per hectare, approximately 5.7 tons of corn are produced in the same area. However, the market values of the latter are lower, and according to experts, there is no doubt about which product will be exposed to moisture or contamination.

Regarding soybeans, Conab estimates national production to be around 154.5 million tons this year. Out of this total, 95.6 million tons will be destined for the international market.

## 2. United Nations Convention on the International Effects of Judicial Sales of Ships is Signed by 15 States

United Nations Convention on the International Effects of Judicial Sales of Ships (also known as Beijing Convention on Judicial Sales of Ships) which was adopted by United Nation General Assembly in December 2022 is signed by 15 States on 5 September 2023, with a well-attended ceremony in Beijing, China.



Source: Esenyel Law Firm

Beijing Convention on Judicial Sales of Ships is a Convention principally regulates judicial sale procedure of vessels in an international context. According to the explanatory notes attached to the Convention itself; “the Convention establishes a harmonized regime for giving international effect to judicial sales, while preserving domestic law governing the procedure of judicial sales and the circumstances in which judicial sales confer clean title. By ensuring legal certainty as to the title that the purchaser acquires in the ship as it navigates internationally, the Convention is designed to maximize the price that the ship is able to attract in the market and the proceeds available for distribution among creditors, and to promote international trade.” Beijing Convention on Judicial Sales of Ships is a Convention principally regulates judicial sale procedure of vessels in an international context. According to the explanatory notes attached to the Convention itself; “the Convention establishes a harmonized regime for giving international effect to judicial sales, while preserving domestic law governing the procedure of judicial sales and the circumstances in which judicial sales confer clean title. By ensuring legal certainty as to the title that the purchaser acquires in the ship as it navigates internationally, the Convention is designed to maximize the price that the ship is able to attract in the market and the proceeds available for distribution among creditors, and to promote international trade.”

China’s Vice Minister of Commerce Wang Shouwen, signatory on behalf of the Republic of China says: “The convention has filled the gaps in relevant international rules in maritime commerce, which is conducive to reducing the transaction costs of the judicial sale of ships and will safeguard the stability of several rights, such as the ownership of ships”. In addition, chief executive of the Maritime and Port Authority of Singapore, Eng Dih Teo says “Beyond the commercial benefits, the signing of the convention negotiated by various states, is a good reflection of multilateralism – with countries coming together to collectively establish a common framework to address a shared challenge”.

According to the UNCITRAL, while the international community has achieved significant progress in harmonizing rules on the arrest of ships, much less progress has been achieved in harmonizing rules on the judicial sale of ships.

As mentioned at the beginning of the article, this significant Convention, which is closely related to Maritime Trade, was signed by 15 states on September 5. On this occasion, these 15 states became the first states to become signatory to the convention. These states include countries such as China, Saudi Arabia, Switzerland and Singapore.

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### 3. Circular on Updated Suite of IG Recommended LOI Wordings

We would like to inform you that all IG Clubs have revised the wordings of Letters of Indemnities, which are being widely used despite various risks, at owners' own commercial discretion.

As per below circular on 3rd of October, 2023, the new version of LOI wordings include prominent warnings to remind Members that accepting a Letter of Indemnity in the relevant circumstances may prejudice Member's

P&I cover, and liabilities will only be covered if a club's Board of Directors decides in its discretion that it is appropriate to do so. This was already known by all but it is now underlined in new versions of LOIs by an additional warning.

The relevant circular also refers to use of electronic bills, which are supported by all IG Clubs. Please be informed that all IG Clubs have published similar circulars on revised LOI wordings.

# IGP&I

**Source: Locton Omni**

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