

Current Developments in Regulation and Litigation of Demurrage and Detention Practices and Charges

31st Annual David W. Robertson
ADMIRALTY AND MARITIME LAW CONFERENCE

Houston, Texas October 14, 2022

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Demurrage and Detention

- What are they?
- Demurrage is a charge for the use of space; detention is a charge for the use of equipment
- They are assessed after the time to pick up a container or return it –free time – has expired. Demurrage is charged for the excess time a container is left on a terminal, detention is charged for the excess time a container and chassis are out on the street after leaving a terminal before being returned.
- Both charges are meant to compensate for the use of space and equipment, and to encourage the efficient movement of cargo by importers, exporters, and drayage providers.
- They both go by other names—such as storage, equipment fees, per diem—and they both get charged by a number of different operators in the supply chain—ocean carriers, marine terminals, rail terminals, NVOCCs, and truckers.
- What causes the charges?
- A lot of things can result in demurrage and detention. If you ever returned a blockbuster video late you might remember two things (1) there are an uncountable number of reasons why a video was returned late, and (2) the store does not care, it is late
- There are also some *systemic reasons* for demurrage and detention

A *very quick* series of slides on systemic congestion ...

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Vessels Waiting

Ships off the ports of Los Angeles and Long Beach during the Pandemic. The number awaiting berth at the complex at times exceeded 40 vessels. In normal circumstances, just one might need to stand by.

PHOTO: LUCY NICHOLSON/REUTERS



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Vessels Docking

Vessels need available berths and time to maneuver and dock



Vessel Docking; Port of Long Beach

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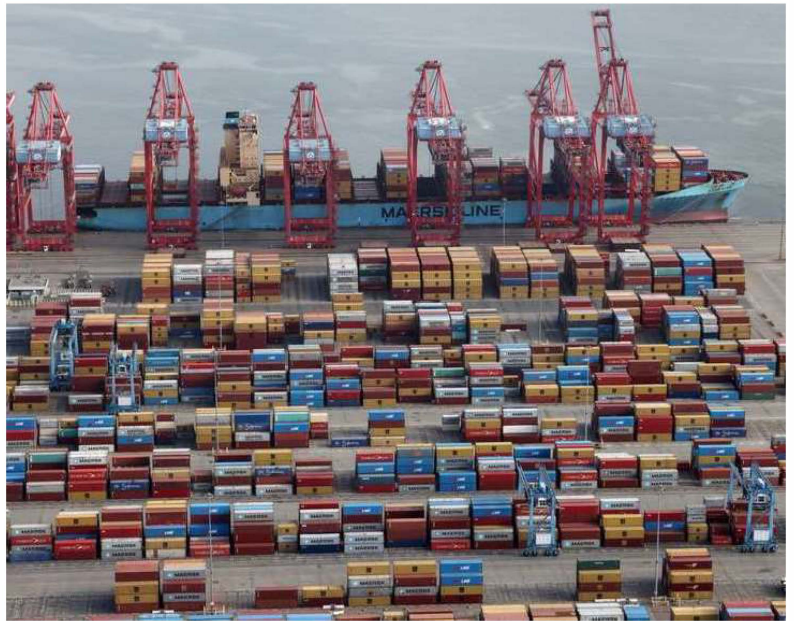
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Unloading and Wharf Space

Container terminals have finite space and operational limitations

Containers are unloaded at the Los Angeles and Long Beach port complex as dozens of container ships wait offshore.

PHOTO: LUCY NICHOLSON/REUTERS



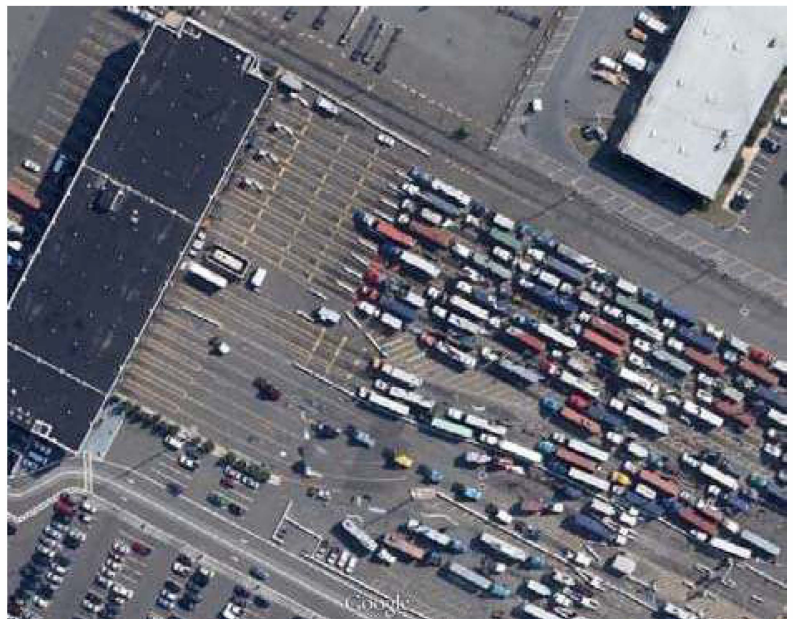
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Terminal Gates

All containers unloaded at terminals need an organized exit from the terminals

Satellite image of the entry gate layout of APM Terminal, Port Elizabeth, New Jersey and USA

Photo credit: Minh C. Chu; Nathan Huynh



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First appeared as part of the conference materials for the
31st Annual David W. Robertson Admiralty and Maritime Law Conference session
"Current Developments in Regulation and Litigation of Demurrage and Detention Practices and Charges"