

No. 03-14: Organically grown food cargoes carried in bulk

Although the international transportation of organically grown food cargoes in bulk is not yet a large scale operation, the average consumer’s concern with the way food is produced is a growing trend in most developed countries.



LOSS PREVENTION CIRCULAR
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Background

According to the *Organic Market Report 2014* published by the UK Soil Association, organic farming is practised in 164 countries and in 2012 organic farming had a 0.9 per cent share of the global agricultural land used for cultivation. Global sales continue to rise and the demand for organic food is concentrated in North America and Europe - together they account for more than 90 per cent of retail sales.

Whilst organic farmers and processors generally prefer to sell their products as local as possible, some items cannot be produced at just any location due to climate or geography. And with an increase in the number of ‘equivalency arrangements’ between countries involved in organic trade, international trade is also becoming more efficient and less expensive. Gard is not aware of any claims against Members specifically involving allegations of diminished value or quality of organically grown food cargoes as a result of on board carriage. However, since shipping such bulk cargoes long distances is expected to become increasingly common, the future may be different. The purpose of this circular is therefore to alert ship operators and their Masters to the increase in international trade of organic foods and the fact that special requirements will apply when organically grown food cargoes are carried in bulk.

In transit treatment

Gard distributed a series of publications in 2011 and 2012 drawing readers’ attention to the dangers associated with in transit fumigation of bulk cargoes.¹ Fumigation is the process of releasing toxic gases (pesticides) into a cargo hold or compartment for the purpose of eliminating or preventing infestation by insects or other pests that may cause the cargo to deteriorate. Fumigation may take place either prior to and/or after loading of the cargo. In transit fumigation is preferred by shippers and charterers because it reduces the time spent in port. The most widely used fumigants are phosphine-evolving gases (phosphine) such as aluminium phosphide and magnesium phosphide. Although these gases are extremely dangerous to human life, fumigation of ‘conventional’ food cargoes in bulk will, if carried out properly, not diminish the quality of the cargo itself. Following a presentation given by [CWA International](#) during a recent visit to Gard’s offices in Arendal, Norway, it has come to our attention that this is not the case with fumigation of organically grown food cargoes.

So what does "organically grown" mean? In principle it means that the product has been grown and processed using no synthetic fertilizers or pesticides. Any food product sold as 'organic' must be produced in accordance with relevant national legislation, and certified and labelled by a recognised body. For processed foods to be labelled as organic, at least 95 per cent of the ingredients must come from organically produced plants or animals. Based on the foregoing, a ship operator may think that it is irrelevant to him if the cargo loaded on board his vessel is organically grown or not as he is only transporting the goods. However, to be able to label an agricultural product as organic, it is not enough that it has been grown organically. The product must also retain most of its original quality during storage, transportation and processing. Hence, if the cargo is fumigated using traditional fumigant gases (synthetic chemicals), the food may no longer be regarded as organic and may be in fact be decertified during inspection at the receiving port. When an organic food cargo is decertified, the value of the cargo will be significantly less - and as the Master has an absolute discretion whether or not to permit in transit fumigation - a receiver may try to hold the carrier liable for the loss suffered.

Certification and legislation

In order to trade organic food products internationally, exporters must ensure that their products meet the importing country’s organic certification requirements. This means that any organic bulk cargo loaded on board a vessel should be accompanied by the relevant phytosanitary certificates as well as certificates issued by a local organic certification body. The cargo may be subject to an inspection by a port health official at the discharging port and, unless there is an equivalency arrangement between the exporting and importing countries, a specific authorisation from authorities in the importing country should also be available.

‘Equivalency arrangements’ between countries trading in organics, including the US and the EU as well as Japan and Canada, ensures a more efficient regulation process for the import and export of organic products, primarily by allowing a product certified as organic in one of these countries to be traded as organic in another country being party to the agreement. A specific example is the EU-US Organic Equivalence Arrangement which entered into force on 1 June 2012. As a result of this agreement, certified organic products can move freely between the US and EU provided they meet the terms of this arrangement. Further information on established equivalency arrangements can be found on the EU’s webpages covering [International Trade in Organics](#) and the USDA’s National Organic Program’s webpages concerning [International Trade Partners](#).

Recommendations

The preparation of a bulk carrier’s cargo holds for the next intended carriage will always require careful planning to avoid cargo quality claims or other contractual claims. And if a ship operator and his Master are made aware that the next carriage involves organically grown food, it is essential that everyone involved understand exactly what is required. Special instructions from the charterer/shipper concerning cargo handling, e.g. cleanliness, stowage segregation, fumigation and bill of lading, should be carefully checked prior to loading. It is important to prevent a cause for decertification being traced back to the period while the cargo was in the carrier’s custody.

In addition, the following general advice should be considered for the carriage of organically grown food cargoes in bulk:

- If there is any doubt as to whether the cargo is organically grown or not, it would normally be accompanied by a phytosanitary certificate and a certificate issued by a local organic certification body. If the cargo’s country of origin has no equivalency arrangement in place, a second certificate from a certifying body accredited by the importing country would also usually be required.
- Regardless of the previous cargo carried, all holds should be thoroughly cleaned (grain clean) prior to loading and the cleaning procedures used should be recorded. Food industry detergents can be used in holds for organically grown food cargoes but any residues should be carefully removed. Shipper’s instructions should be sufficiently clear and detailed and closely adhered to.
- Organically grown food cargoes should be kept completely separate from non-organic products at all times to avoid cross-contamination and insect infestations.
- In transit fumigation of organically grown food cargoes by ‘conventional methods’ (e.g. aluminium or magnesium phosphide) should not be undertaken. As far as Gard is aware, there are currently no suitable fumigants to be used on organic cargoes on board. If charterers/shippers nevertheless insist on fumigation an LOI should be obtained.²
- If the receiving port’s reception facilities and discharging procedures may be putting organically grown food cargoes at risk (e.g. of decertification), checks should be made be with charterers/shippers before discharge takes place so as to avoid allegations against the carrier that they did not properly discharge/deliver the cargo. Again, obtaining an LOI may be appropriate.

1 See article “[Fumigation of cargo on board ships: the invisible killer](#)” in Gard News 204 and Loss Prevention Circular No.13-11 “[Dangers to crew during in-transit fumigation of cargo.](#)” A Safety Case for use during on board safety meetings, No.28 “Fumigation of bulk cargoes”, is also available.

2 See article “[In-transit fumigation of bulk cargoes](#)” in Gard News 173 for an example LOI wording.

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