

ICMA XX  
International Congress of Maritime Arbitrators  
Copenhagen, 26<sup>th</sup> September 2017

## Using Arbitration Effectively to Resolve Bunker Disputes

**Trevor Harrison**

Maritime Arbitrator and Mediator



Panel Member



The  
LMAA  
THE LONDON MARITIME  
ARBITRATORS ASSOCIATION  
Full Member



1

## Bunker Disputes

- Quantity problems
- Quality problems
- Payment problems

Typically arise between:

- Bunker traders and sellers
- Bunker buyers
- Bunker users



2

Copyright: Trevor Harrison 2017

### The Commercial and Contractual Interfaces

Physical supplier	↔	↔	↔	↔	↔	↔	Shipowner
Physical supplier	↔	↔	↔	(Broker)	↔	↔	Shipowner
Physical supplier	↔	Trader	↔	↔	↔	↔	Shipowner
Physical supplier	↔	Trader	↔	(Broker)	↔	↔	Shipowner
Physical supplier	↔	Trader	↔	↔	↔	Time charterer	Shipowner
Physical supplier	↔	Trader	↔	↔	Sub-time charterer	Time charterer	Shipowner
Physical supplier	↔	Trader	Intermediate trader	↔	Sub-time charterer	Time charterer	Shipowner
Physical supplier	(Barge operator)	Trader	Intermediate trader	↔	Sub-time charterer	Time charterer	Shipowner
Physical supplier	(Barge operator)	Trader	Intermediate trader	(Broker)	Sub-time charterer	Time charterer	Shipowner

Physical supplier, trader, intermediate trader and ultimate buyer typically each make separate contract with each other at each link in chain.

Relationships between shipowner, time charterer and sub-time charterer usually contained in separate charterparties between each link in chain.

Barge operators and brokers usually stand apart from main contractual chains with a distinct relationship with a particular party, typically physical supplier and ultimate buyer respectively.

3

Copyright: Trevor Harrison 2017



Bunkering is a narrow margin business - profits are small

... very little fat to give away

... time is money

... dispute resolution needs to be:

- rapid
- affordable
- proportionate

4

Copyright: Trevor Harrison 2017



## Possible Value-Based Tiered Structure

Tier	Value of Dispute	Tribunal	Reasons	Appeal	Tribunal Fees	Party Costs
1	up to US\$100,000	sole arbitrator	no formal reasons	no right of appeal	fixed cost	no party costs
2	US\$100,001- US\$500,000	sole arbitrator	short reasons	no right of appeal	fixed cost	capped party costs
3	US\$500,001- US\$2M	Option of 3 person tribunal	formal reasons	no right of appeal	optional fixed cost	optional capped party costs
4	above US\$2M	3 person tribunal	formal reasons	normal rights of appeal	conventional fee structure	normal costs rules

5

Copyright: Trevor Harrison 2017



## Pilot Project

### Basic Need:

- Cadre of willing arbitrators
- A body to act as a secretariat and administer the appointment process
- A number of suppliers and users willing to use the procedure on a trial basis

### Development:

- Alignment of dispute resolution procedures across the interfaces

6

Copyright: Trevor Harrison 2017



## Benefits to users:

- Speed
- Proportionate affordability
- Quality
- Cost savings through concurrency where there are chains

## Benefits to arbitrators:

- Opportunity to accrue appointments and experience
- Fair and transparent appointment process

7

Copyright: Trevor Harrison 2017



## Possible Implementation Process:

- 1. Produce a draft scheme;
- 2. Identify potential early adopters at all stages of the supply and use chains;
- 3. Consult with potential early adopters;
- 4. Refine the scheme in the light of the consultation;
- 5. Introduce a pilot scheme with a small number of users;
- 6. Evaluate results;
- 7. Further refine the scheme;
- 8. Launch scheme more widely and encourage wide uptake.

8

Copyright: Trevor Harrison 2017

