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CARGO ABANDONMENT IN THE UAE: NAVIGATING THE RIGHTS AND RISKS OF CARRIERS AND FREIGHT FORWARDERS AMID ONGOING GEOPOLITICAL DISRUPTIONS

The ongoing geopolitical tensions in the region have created significant challenges for the shipping and logistics industry. Vessel diversions, suspension of services, increased insurance premiums, congestion, declaration of End of Voyage at alternative ports and the imposition of War Risk Surcharges (WRS), Emergency Conflict Surcharge (ECS) and other related surcharges have led to a substantial increase in transportation costs, and uncertainty across

supply chains. In many cases, importers and cargo interests are either unwilling or unable to absorb these additional costs, particularly where the cumulative charges exceed the commercial value of the cargo itself.

As a result, carriers and freight forwarders are increasingly facing situations where cargo remains uncleared or abandoned, resulting in mounting detention, demurrage and storage liabilities. The position can be even more challenging

in the case of perishable cargo, where delays, diversions and prolonged storage may significantly reduce the cargo's shelf life and commercial value, often making it commercially unviable for cargo interests to take delivery of the cargo or arrange onward transportation.

Another issue increasingly being encountered in light of the ongoing geopolitical disruptions is where vessel operators, due to security concerns, operational



THOUGHT
for the MONTH

You are never too old to set
another goal or to dream a
new dream

C.S. LEWIS



constraints or force majeure events, discharge cargo at an alternative port or safe port or declare an End of Voyage before reaching the originally intended port of discharge (POD). While cargo interests may not anticipate such deviations, such actions are often permitted under the terms of the applicable contract of carriage, as incorporated in the Bill of Lading and the carrier's tariff or service conditions. In such cases, cargo interests may find themselves responsible for additional costs including onward transportation, transshipment, storage charges, container detention, port handling charges and other expenses incurred as a result of the disruption.

For carriers and freight forwarders, the challenge does not end there. Where cargo interests refuse or fail to take delivery of the cargo or pay the additional charges, the cargo may remain uncleared for extended periods, resulting in accumulating detention, demurrage and storage costs. The ability to recover such charges will largely depend on the contractual terms governing the shipment. In many cases, the dispute is not whether the disruption occurred, but rather who contractually bears the resulting costs, liabilities and operational consequences. It is therefore important for carriers and freight forwarders to carefully review their Bills of Lading and service contracts to ensure that provisions relating to force majeure, war risks, deviation, alternative discharge ports, additional surcharges and lien rights are adequately addressed. In the event of a dispute, clear contractual

provisions can significantly strengthen a party's ability to recover charges and enforce its contractual rights arising from such unforeseen disruptions.

Where cargo is abandoned, carriers and freight forwarders may also be entitled to exercise a contractual lien over the cargo until outstanding freight, detention, demurrage and other charges are settled. The availability and exercise of any lien rights will depend on the terms of the applicable Bill of Lading, tariff and the circumstances of the case. Practical limitations may also arise once the cargo is under the control of port or customs authorities. However, in the event of a dispute, the ability to recover such amounts will often depend on the terms of the Bill of Lading and other contractual documents, as well as the availability of supporting documentary evidence such as carrier invoices, surcharge notifications, circulars and correspondence exchanged with the cargo interests.

Carriers and freight forwarders operating in the UAE should also be mindful of the regulatory and customs implications of cargo abandonment. Uncleared cargo may attract additional storage charges, penalties or other costs imposed by the relevant port authority or customs authorities. Depending on the applicable regulations and circumstances of the case, prolonged non-clearance may also result in the cargo being subject to disposal, auction or other measures by the competent authorities. Carriers should proactively engage with the relevant port authority and, where necessary, UAE

Customs, to manage their exposure and preserve any available rights of recovery against the cargo or cargo interests.

From a practical perspective, it is important that carriers and freight forwarders act promptly once cargo remains uncleared. Timely notices should be issued to the shipper, consignee and other cargo interests, clearly setting out the disruption, the charges incurred and the contractual basis on which recovery is sought. Where the shipper or consignee is unresponsive or cannot be located, carriers should consider issuing notices through all available channels, including to the notify party named in the Bill of Lading. Maintaining proper records from the outset can strengthen a party's position should the matter proceed to formal recovery action or litigation.

The recent geopolitical uncertainties and disruptions serve as a reminder that well drafted contractual terms and conditions play a critical role in managing the legal and commercial risks associated with cargo abandonment. Bills of Lading and service contracts should be carefully drafted to ensure that issues such as force majeure, war risks, deviation, End of Voyage declarations, alternative discharge ports, additional surcharges and lien rights are adequately addressed. While the shipping industry has repeatedly demonstrated its ability to adapt to changing circumstances, the current disruptions underscore the importance of contractual preparedness and proactive risk management in an increasingly unpredictable trading environment ■

THE EVOLUTION OF TRUMP TARIFF IN INDIA

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The diplomatic relations of India and USA has started in 1947 post Independence from colonial rule. Since then the trading relationship has evolved and India is one of the major trading partner of US. After Donald Trump came into power on 2017, the economic partnership turned into a transactional and conflict prone

relationship. Prior to Trump's first term, US India trade relations were growing, even if they were marked by disputes over intellectual property, market access, and investment rules. India's average applied tariffs around the high teens in 2018 were considerably higher than those of the US, Japan or the EU, a fact Trump frequently invoked to justify "reciprocal"

tariff action. Nonetheless, both sides viewed each other as long-term partners in supply chains, services, and strategic cooperation in the Indo-Pacific.

In March 2018, the United States used "national security" grounds under Section 232 to impose a 25% tariff on steel and a 10% tariff on aluminum imports from many countries,



including India, covering roughly 2–3% of India's exports to the US. Indian steel exports to the US subsequently fell sharply, and New Delhi opened a WTO dispute while preparing retaliatory duties on a list of US products (DS547).

The tariffs were initially introduced in 2018 under Section 232 of the Trade Expansion Act of 1962 over concerns on national security. The US government later doubled those taxes to 50% on June 4 2025 with exemptions on handful of countries including UK. As one of the biggest exporters of aluminium goods to the US, India faced immediate consequences. India requested consultations on May 18, 2018, claiming that US's 25% tariff on steel and 10% on aluminum violated the GATT 1994, Article XI, and the agreement on Safeguards, as the measures functioned as unnotified safeguards despite the US's justification on national security. When Washington withdrew India's benefits under the Generalized System of Preferences (GSP) in 2019, ending duty-free access for about USD 5.8 billion worth of Indian exports, this not only raised tariffs on affected Indian goods but also signaled a shift from strategic accommodation to transactional reciprocity in US–India trade.

India notified the WTO of its intention to impose additional duties on selected US products, initially signaling retaliatory coverage of over USD 10 billion before scaling the list down but at higher rates. The retaliatory tariffs, finally implemented in June 2019, targeted agricultural and industrial goods and were framed as a measured response consistent with WTO rules. In parallel, India pursued multiple WTO disputes involving US steel and aluminum measures and

related renewable-energy and export measures, several of which were later resolved or de-escalated under the Biden administration. During President Joe Biden's term, some Trump-era tariffs were reviewed, and a number of WTO disputes between the US and India were settled creating an impression of gradual stabilization. However, the architecture of unilateral US tariffs and exemptions remained largely intact, meaning that Trump's basic tariff could be re-activated in a second term.

Fast forward President Trump's tariff policy in 2025 has entered a new phase of aggressive expansion broadening the scope of targeted countries and products while intensifying rates under both national security and reciprocal frameworks. In his second term, Trump has invoked multiple statutory authorities primary section 232 of the trade expansion act 1962 and the international emergency economic powers act to justify sweeping tariff increases, often linking them to national security concerns and retaliatory actions against the countries perceived as undermining U.S economic or strategic interests.

The increase in Section 232 tariffs on steel and aluminum was the biggest change in 2025. Trump increased these tariffs to 25% in February, eliminating prior exemptions for allies like Canada and Mexico. In June 2025, the rate was doubled to 50% for almost all nations with the exception of the UK, which kept its 25% rate because of ongoing trade negotiations. With the addition of more than 400 new products in addition to raw metals. The administration's justification is the need to safeguard U.S. industrial capacity and vital supply chains, especially

in view of global geopolitical risks and overcapacity in important sectors.

Beyond metals, Trump has imposed a 10% "base tariff" on all imports starting in April 2025, with higher "reciprocal tariffs" aimed at particular countries due to perceived unfair practices or trade imbalances. For instance, India has been threatened or imposed on countries purchasing Russian oil or engaging in trade with Iran, reflecting a broader use of tariffs as a geopolitical tool.

China continues to be major concern; in response to China's export restrictions on rare earth minerals, which are essential for cutting-edge technologies, Trump announced an additional 100% tariff on Chinese goods in October 2025. In the midst of ongoing negotiations and sporadic trade truces, the administration has maintained some flexibility by extending exemptions for hundreds of Chinese goods until November 2026. These measures have generated substantial tariff revenue, which the administration has proposed using to fund potential income tax reductions or direct payments to citizen, although the legal and fiscal feasibility of these proposals remains under review. After a section 232 investigation into the national security risks associated with the United States's reliance on foreign sources was initiated in April 2025, the 2025 tariff regime was extended to include processed critical minerals and their derivatives. This increased the uncertainty surrounding international supply chains and trade flows by extending the scope of section 232 beyond traditional metals to include a greater variety of strategic materials.

In general, higher rates, broader product coverage, and a more assertive use of tariffs as a geopolitical and economic tool characteristics the 2025 tariff landscape. The administration's actions have drawn criticism for disrupting global trade, increasing costs for U.S consumers and businesses and straining relations with the key allies, while also generating significant revenue and political leverage for the U.S government.

Trump Tariffs in India:

One of the most aggressive and significant trade measures the US has

taken against a significant emerging economy is the trump administration's tariff policy towards India in 2025. Only a few industries, including pharmaceutical, electronics, and energy products, were exempt from the U.S's increasing tariffs on Indian exports, which began in August 2025 and eventually reached a cumulative rate of 50% on the majority of goods. The initial 25% "reciprocal" tariff, implemented on 1st August 2025, was followed by an additional 25% "penalty" tariff on 27 August 2025, explicitly tied to India's geopolitical choices and trade imbalance with the U.S .

A wide range of Indian exports, including textiles, jewellery, leather, marine products, chemicals, and furniture, all of which are essential to India's manufacturing and employment base

have been subject to these tariffs. The cumulative effect is projected to reduce India's merchandise exports to the U.S. by 40-45% in the fiscal year 2025-26, with some labour intensive sectors facing potential export collapses of up to 70%.

Economic analyses estimate that the tariff could trim 0.3-0.5 percentage points GDP growth and result in export losses of USD 4-5 billion, with additional risks to the rupee and broader macroeconomic stability. The Indian response has been measured and strategic. Rather to retaliate with its own series of tariffs, the

Indian government has emphasized diplomatic engagement, the diversification of trade partnerships, and support for affected MSMEs hence demonstrating a concern with

long term resilience and strategic autonomy. The U.S administration has hinted that these moves may be reviewed should India decreases its reliance on Russian energy or agree to further trade concessions, as of late 2025, however, negotiations continue, and tariff regime remains in place.

This 2025 tariff crisis has strained U.S-India relations, once considered a key pillar of Indo-Pacific cooperation, and accelerated Indian efforts to diversify its export markets and improve domestic manufacturing capacity. To Indian exporters, this new tariff regime symbolizes a far-reaching alteration in the competitive environment that they need to get accustomed to due to high costs, constrained market access, and uncertainty in transatlantic trade ■



HOT NEWS

WHITE HOUSE STILL LOOKING AT ALTERNATIVES TO IRAN PEACE DEAL

Amid ongoing and intermittent negotiations between the administration of Donald Trump and Iran to formalise a Memorandum of Understanding aimed at ending the prolonged conflict, reports from the The Wall Street Journal suggest that alternative options beyond diplomacy continue to remain under consideration. While President Trump currently favours extending diplomatic efforts and is reportedly open to prolonging the ceasefire beyond its present 18 August deadline, discussions within the administration indicate that further military action has not been entirely ruled out. The ceasefire period has been characterised by recurring exchanges of strikes and counter-strikes, largely

influenced by Iran's strategic interest in the Strait of Hormuz. Speaking with conservative commentator Michael Knowles, U.S. Vice President JD Vance indicated that the pause in hostilities also serves to stabilise and replenish global oil supplies, thereby strengthening the United States' strategic position. Meanwhile, divisions reportedly persist within Iran's leadership, with the Islamic Revolutionary Guard Corps favouring a stronger stance over the Strait, while civilian authorities prioritise economic recovery and access to frozen assets. A potential compromise has emerged in the form of a proposed voluntary contribution mechanism from shipowners towards a joint Iranian-Omani safe navigation fund, which

could provide revenue to Iran without creating the appearance of a formal transit levy. The proposal has received support from International Maritime Organization Secretary-General Arsenio Dominguez, who noted similarities with the long-standing cooperative arrangements governing the Strait of Malacca. In parallel, shipping activity through the Strait of Hormuz has shown signs of recovery, particularly with inbound movements, as market analyst Rory Johnston reported the recent transit of several empty VLCCs through the waterway, signalling that GCC oil exporters may soon regain the capacity required to resume full-scale production. ■

Courtesy : www.maritime-executive.com

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