

GLOBALPANDI

Circular for P & I Clubs

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Correspondents for:

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Change of Destination (COD) for Venezuelan shipments

In the last two weeks President Maduro has embarked in a hard line policy against the big retailer shops throughout the country, in an attempt to bring the prices of household appliances and other goods down. The government began the take over and inspections of shops, forcing them to reduce the prices. The justification for this, in the words of the Executive branch, is that many of these shops imported goods by using CADIVI and SICAD dollars, at a significantly lower rate than the one in the free market, while goods were being sold at outrageous prices.

Therefore, some merchants have been detained for alleged usury, speculation and other offenses, whereas public prosecutors have been empowered to investigate the alleged offenses prescribed in the Law for the Defence of People in the Access to Goods and Services. In a country where the accumulated inflation by the end of the year is expected to be 50 per cent, people have welcomed very much this move going out to the streets to buy the reduced-price goods.

The above forced sales, however, have resulted in the shops' shelves emptied and inventories seriously reduced, something that will be tackled by the government in the short term through the direct importation of 400,000 home appliances and other electronics worth about US\$ 100 million, as well as the opening of a factory for its production, framed in an agreement with the South Korean giant Samsung.

While private merchants will now struggle to replenish inventories, due to compulsory price reduction, unavailability of dollars for the importation and the uncertainty of new measures that the President Maduro may

impose following powers given to him by the National Assembly, it is not surprising that merchants will be cautious with the new import orders; as a matter of fact some sources have reported that shippers/importers of home appliances have ordered shipping companies to divert their cargos – that were originally to be shipped to Venezuela– to other destinations. Bookings at origin are also being cancelled, according to the same sources.

Despite the fact that the Change of Destination (COD) seems to be a common practice in the maritime transport, under the current domestic environment this can be seen as a way to avoid the governmental controls, giving rise to some difficulties. Thus, in the last days there have been reported cases where shipments (household appliances and shoes) subject to a COD and so not included in the cargo manifest for a domestic port, have been discharged against the instructions of the carriers/agents.

Therefore, carriers are strongly advised to assess these COD requests and discuss with shippers/receivers accordingly.

Should you need any assistance or further information regarding the topic stated above, please feel free to contact:

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