



Dear Friends and Colleagues,

In an effort to provide you with the timely updates on the Hanjin Shipping situation, following are significant developments since our last advice on this matter.

On September 7 the United States Bankruptcy Court, District of New Jersey (“NJBC”), granted Hanjin temporary protection from creditors as a result of the Chapter 15 petition filed with the Court by Hanjin.

The Court issued a provisional order granting recognition of the Korean bankruptcy proceeding. Further the Court’s order extended to Hanjin the rights and protections afforded to bankrupt companies which file for bankruptcy in U.S. courts. The net effect of the order is to stay any litigation, administrative or other proceedings or actions against Hanjin and its assets.

At the September 6 hearing, an attorney from Baltimore asked the judge to carve out an exception from his provisional order, allowing his clients, bunker suppliers and container lessors to arrest Hanjin vessels and seize its equipment. The judge reportedly was interested in the arguments he raised. As a result a second hearing was scheduled for September 9.

In addition, at the September 7 hearing, the parties attempted to work out a procedure for dealing with the receiving of Hanjin ships by the ports and the unloading of cargoes from the vessels. They apparently reached a plan that was subsequently rejected by Hanjin as unworkable.

The judge has said that he does not want to have to force a plan on parties and is relying on the industry representatives to work out an understanding.

At the September 9 hearing, the Court extended the temporary order giving protection to Hanjin vessels to prevent their seizure, ruling it would not allow maritime lien holders to arrest vessels in order to enforce maritime liens. As a consequence, Hanjin vessels will be able to enter ports to unload their cargo without fear of arrest – if the ports and terminals are willing to accept the vessels. The Baltimore counsel arguing for relief from the stay advised the court that he will be appealing the court’s decision.

Hanjin advised the court that the Korean bankruptcy court has authorized enough funds to allow for four of the 13 or so vessels due in the U.S. to enter port and be discharged. It is also reported that Korean Airlines, Hanjin’s largest shareholder, approved a conditional plan to provide a sizeable loan to Hanjin, along with a pledge from Hanjin’s parent company, Hanjin Group, to raise funds to underwrite landing of vessels and offloading of their containers.



As to the balance of the vessels, most ports and terminals still do not want to receive them and handle the discharge of their containers. The NJBC Court cannot order Hanjin to bring vessels into port and it will not order the terminals, etc., to work the vessels without payment.

So until the various parties either come up with a protocol to resolve the handling of the vessels and unloading and delivery of the containers, or the court imposes an order directing what must be done, the vessels and containers will remain in limbo.

The payments funded by the Korean Bankruptcy court for the discharge of the containers from the four vessels should include handling charges due the terminals. If that is the case, receivers should be able to recover the cargo without additional fees. It remains to be seen if that is the case.

However, Hanjin will not undertake to deliver containers beyond the port of discharge carried under a freight collect through bill of lading, for delivery at an inland destination. A new invoice will be issued for only port to port shipment. It will be up to the receiver to make arrangements for on-carriage.

Likewise, Hanjin will not on forward any prepaid shipment booked for delivery to an inland destination. And if a shipment was prepaid for delivery to an inland destination, Hanjin will not be refunding freight. Since the cargo interests will then have to assume the on forwarding of such shipments, it will result in double billing for the inland delivery of the cargo. The duplicate charge should be recoverable as a general claim in the bankruptcy proceeding in Korea. It is likely, however, in many instances the cost benefit ratio for filing a claim would not be worth the effort.

As of this morning, September 12, we are unaware of any agreed understanding involving Hanjin, the marine terminals, cargo owners, NVO's, etc., that would allow vessels to make port and manage an orderly discharge of the containers from vessels. In our view, though, practical necessity will compel the competing interests to come up with a workable arrangement, although when is an open question.

Those interested in the details of the full order issued by the court on September 9 can view it [here](#).

As mentioned previously, our firm represents ocean freight forwarders, non-vessel operating common carriers, customs brokers and cargo interests, many of which have containers detained, or awaiting loading for export, on Hanjin vessels. We are available to help those seeking advice or representation in connection with retrieval of containers or other difficulties you may be experiencing.

Please contact me directly at (212) 252-0004 or rfurman@cmk.com for more information.