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## Rice Exchange: A rice shipping loading & discharging primer

Logistics for the global rice trade are complicated. Rice is transported in containers and in bulk and break-bulk vessels. To make it even more confusing it is possible to ship rice in bulk in a container and in bags in a bulk vessel.

A bulk vessel, also known as a conventional vessel, can be chartered on a voyage basis with a fixed freight rate to sail from point a to point b, or on a time charter which means that the vessel is at the disposal of the charterer during the agreed time period and a daily rate is charged independent of any circumstances such as rain, strikes or holidays. When a vessel cannot be filled it is possible, on some routes, to book freight on a parcel service basis meaning that many small rice cargoes owned by different people fill up a vessel. The party offering the parcel service assumes the risk of chartering a big ship and filling it up.

Shipping decisions are generally determined by pricing and vessel availability. Most ports accommodate bulk and container vessels. In recent years there has been a shift towards containerised cargo. Bulk shipping is cheaper but rice cannot be loaded or discharged when it is raining as rice is a delicate cargo that is very susceptible to moisture.

In addition to cost and vessel availability, shipping options are determined by the type of rice. Paddy rice is nearly always shipped in bulk vessels, whereas most parboiled rice is shipped in bags made from woven polypropylene or jute. The most common bag size is 50kg, but anything from 5kg to 100kg is possible.

Rice is transported to port by barge or by truck, in bulk or in bags depending on how it is to be shipped. Barges are common in South-East Asia, trucks in South America and South Asia. Bagged rice is loaded into containers and bulk vessels with slings and

then paced by stevedores. In the case of a vessel this involves hundreds of thousands of bags and loading can take over a week.



Hoi Chi Minh, Vietnam Photo: Frank Gouverne

CQD stands for customary quick despatch. When used in relation to loading it obliges the seller/shipper to load the vessel as soon as it is ready as fast as possible and according to the customary rate of the port. If the vessel is ready and the seller does not load the goods, then the seller is liable for detention. Detention can be applied either to all the holds allocated to the seller which are kept idle or to the whole vessel. In CQD, time lost waiting for a berth, due to rain or any other reason — other than reasons caused by or linked to the seller — is for the account of the vessel.

When used in relation to discharge CQD obliges the buyer/receiver to discharge the vessel as soon as it is docked, as fast as possible and according to the customary rate of the port.

Detention is a penalty rate invoiced to the party that keeps part or the whole of a vessel idle. It is used in combination with CQD (load or discharge) terms. The detention rate is in US\$ per day for the whole vessel and can be invoiced pro rata to reflect the number of holds kept idle.

Demurrage is a US\$ dollar penalty accrued daily on a whole vessel or pro-rata for exceeding the total time permitted for loading or discharging. Unlike CQD terms, time waiting for an available berth or waiting for free practice by phyto authorities is counted as lay time.

The opposite of demurrage is despatch. Despatch is accrued when loading or discharge is completed faster than required and therefore lay time has been saved. Despatch is usually half the demurrage rate. Whether demurrage is invoiced by the vessel to the party loading or discharging or whether despatch applies is determined by the lay time calculation (time used for loading or discharge vs time allowed minus time deducted for weather or other reasons).

On the Rice Exchange digital platform you can choose how you want your rice to be shipped. You can also check rates for container and parcel freight from our integrated shipping companies with a click of the mouse. You can specify bag size and any labelling that is required. Our mission is to make your experience of buying and selling rice easier, faster, safer and more cost efficient. Join our growing global rice market by registering [here](#).

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