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Hanjin Bankruptcy in South Korea Snarls Shipping Lines – But Butzel Long Can Help

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On September 1, 2016, bankruptcy proceedings were commenced in South Korea against Hanjin Shipping Co., Ltd. (“Hanjin”). Hanjin is a major South Korean shipping firm and accounts for about 7.8% of U.S. trans-Pacific trade volume. As a result of Hanjin’s insolvency, port terminal operators, railroads, trucking companies and other logistics handlers ceased handling Hanjin’s containers, and a large number of Beneficial Cargo Owners (the owners of the goods being shipped by Hanjin) were, or have been unable to obtain their goods. Suppliers who operate in “Just-in-Time” industries risked customer shutdowns, while retailers and consumer goods companies faced inventory shortages as the holiday season approaches.

Hanjin commenced U.S. proceedings under Chapter 15 of the Bankruptcy Code in New Jersey on September 2, 2016. Chapter 15 provides a procedure for the recognition of foreign bankruptcies of multi-national corporations in the United States. On September 9, 2016, the Bankruptcy Court entered an order providing provisional relief under Chapter 15 (the “Provisional Order”), extending certain protections of the Bankruptcy Code over Hanjin, including the automatic stay. The Provisional Order also provided procedures to permit the release of goods owned by Beneficial Cargo Owners, or, if Beneficial Cargo Owners cannot obtain release of goods that are in the United States, procedures that permit emergency hearings before the Bankruptcy Court.

Butzel Long is monitoring the Hanjin bankruptcy and providing assistance to clients with respect to goods that are delayed or detained in the United States in connection with the Hanjin bankruptcy. In addition, Butzel Long is a founding member of Lex Mundi, one of the largest networks of leading independent law firms located in 160 jurisdictions around the world, and a

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member of a China Alliance which has offices in Shanghai and Beijing. Butzel Long can use those relationships to assist clients with any overseas issues related to Hanjin's bankruptcy. If you are experiencing any issues resulting from the Hanjin bankruptcy, contact your Butzel attorney, Max Newman or Tom Radom as soon as possible.

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