

Demurrage, detention and storage

While a container waits, which clock is running and who gets paid?

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Online interactive version: <https://ozgurkonakci.com/en/guide/demurrage-detention/>

SHORT ANSWER

Demurrage is the daily charge paid to the carrier when a container stays inside the port or terminal beyond free time; detention is paid when a container taken outside the terminal is not returned empty within free time. Storage is a separate charge paid to the terminal operator. For imports, demurrage runs from discharge to gate-out and detention from gate-out to empty return.

Why it matters

Demurrage and detention are charges that arise when a shipment plan slips, and they often grow to unexpected amounts. Cargo held at customs, a missing document or congestion at the consignee's warehouse can all cause daily per-container charges to pile up. Understanding the logic of these charges reduces both the cost and disputes between the parties.

Three different charges

Free time: The number of days the carrier (shipping line) lets you use the container free of charge. It varies by route, port, container type and the agreement with the customer.

Demurrage: A daily charge paid to the carrier when a container stays **inside the port or terminal** after the free time has run out. For imports the clock starts when the container is discharged from the vessel and stops when the container leaves the terminal.

Detention: A daily charge paid to the carrier when a container taken **outside the terminal** is not returned empty within the free time. For imports the clock starts when the container leaves the terminal and stops when the empty container is returned to the depot named by the carrier.

Storage: A charge paid to the **terminal operator** because the cargo or container is waiting at the terminal. It can run in the same period as demurrage, but it is paid to a different party.

Some carriers do not give separate free time for demurrage and detention but a **combined free time (combined D&D)**. In that case the days inside and outside the terminal are added together and deducted from a single free time.

Timeline

The chart below shows the journey of an import container. Hover over the bars to see which clock is running at each stage.

Charge	Where?	When does it start?	When does it stop?	Paid to
Demurrage	Inside the terminal	For imports, discharge from the vessel (charged once free time ends)	When the full container leaves the terminal	Carrier (shipping line)
Detention	Outside the terminal	When the container leaves the terminal (charged once free time ends)	When the empty container is returned	Carrier (shipping line)
Storage	Inside the terminal	When the terminal's free storage period ends	When the container leaves the terminal	Terminal operator

Example timeline: 9 days in the terminal, 8 days outside; 5 days' free time each for demurrage and detention and 3 days' free storage are assumed. For exports the order is reversed: the empty container is collected (detention) and the full container is delivered to the terminal (demurrage).

Cost calculator

Enter the free time, waiting days and tiered daily rates from your own quotation. The default values are **examples**; real tariffs vary by carrier, port and container type.

Example (2 containers)	Chargeable days	Per container	Total
Demurrage (9 days in terminal, 5 days free)	4	100 USD	200 USD
Detention (8 days outside, 5 days free)	3	75 USD	150 USD
Total		175 USD	350 USD

Example tiered tariff (not a real tariff): chargeable days 1–5 at 25 USD, days 6–10 at 50 USD, and from day 11 at 80 USD per day per container.

Most carriers apply a **tiered** tariff: the first days after the free time are charged at a lower rate and later days at a higher rate. This is meant to encourage returning the container as quickly as possible.

Not to be confused with vessel demurrage

In shipping, the word "demurrage" is also used for **chartered vessels**. There, demurrage is the amount the charterer pays the shipowner when the vessel exceeds the time agreed for loading or discharging in port (laytime). If the time is shorter, the shipowner may pay the charterer **despatch**. Container demurrage and vessel demurrage use the same word but are different concepts.

How to reduce the cost

- Prepare the customs documents before the vessel arrives, and use pre-arrival declaration options.
- Negotiate free time at the booking stage; ask for extra free days on regular cargo.
- Plan unloading capacity at the consignee's warehouse in advance.
- State clearly in the sales contract and the Incoterms rule who bears these charges at destination.

Test yourself

1. A container is held at customs and cannot leave the terminal. Which charges run? (*Answer: Demurrage if the free time has been exceeded, and storage because it is waiting at the terminal.*)
2. A container stayed at the consignee's warehouse for 12 days without being unloaded. Which charge runs? (*Answer: Detention.*)
3. Combined free time is 14 days; the container spent 6 days in the terminal and 10 days outside. How many days are charged? (*Answer: $6 + 10 = 16$ days; $16 - 14 = 2$ days.*)

Frequently asked questions

What is the difference between demurrage and detention?

Demurrage runs while the container is inside the terminal and detention while it is outside. Both start when free time ends and are paid to the carrier. For imports, demurrage counts from discharge to gate-out and detention from gate-out to empty return.

Is storage the same as demurrage?

No. They can run in the same period but are paid to different parties: demurrage to the carrier and storage to the terminal operator.

What is combined free time (combined D&D)?

Some carriers give a single free time instead of separate demurrage and detention periods; days inside and outside the terminal are added together and deducted from it. With 14 days combined, a container that spends 6 days in the terminal and 10 outside is charged for 2 days.

SOURCES

Vizion — Demurrage and detention: key differences — <https://www.vizionapi.com/blog/defining-demurrage-and-detention-key-differences-and-implications>

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