

DRY CARGO CHARTERING – Syllabus

SHIPS

Explain the main functional differences between: dry bulk carriers; multipurpose vessels; cellular container vessels; pure car (and truck) carriers.

Contrast between the following ship types in relation to their design, operational features, and function: multipurpose vessel; Handysize; Handymax; Supramax; Ultramax; Panamax; Kamsarmax; neo-Panamax; post-Panamax; Capesize; very large ore carrier (VLOC).

Illustrate the profile and cross section of the above vessels with labelled drawings.

State and describe the principal features for the above ship types, including LOA, beam, summer draft, summer deadweight, cargo capacity (grain and bale), GT and NT, number of holds and hatches, cargo gear and typical operational speed.

Explain the information shown on the general arrangement and stowage plans of a ship.

Explain, with examples, what effects ship classification and port state control have on dry cargo chartering.

Summarise and explain the fundamental vessel information a charterer will require for a voyage and time charter.

CARGOES AND TRADE ROUTES

For all the vessel types above, identify and distinguish the main trading routes and cargoes, including specific loading and discharge ports.

Describe the geography of the dry bulk trades and discuss the impact of seasonal climate, weather and geographical restrictions which may be applicable.

Discuss the use of alternative routes when carrying different commodities, the existence of seasonal variations in both route and commodity selection and their impact on markets.

Discuss the nature and characteristics, such as stowage factor, hazards and stowage requirements of the four main dry commodities namely, coal, ore, grain and fertilizers. Identify the different sub-divisions within these categories and recognise the trade routes which apply, including the hazards they may encounter on passage from loading to discharge ports.

Describe the nature and characteristics, main places of origin and appropriate trade routes of other important bulk cargoes, that is, forest products (for example, logs and packaged timber), newsprint, steel products, minor ores, minerals and steel products.

Referring to dry bulk commodities, explain the relevance of the following to the chartering of ships to carry these commodities: cargo hold preparation; angle of repose; ventilation and loading and discharging methods and precautions.

Explain the importance of the International Maritime Solid Bulk Cargoes (IMSBC) Code and the International Maritime Dangerous Goods Code (IMDG) in general. Discuss the relevance of each code to dry cargo chartering referring to cargo-related documents required by these codes and the essential contents of these documents.

FREIGHT MARKETS

Distinguish between the role of the different market practitioners: charterers; shipowners; operators and shipbrokers.

Demonstrate the role of the broker and its relationship to the principal as an agent when acting in different settings, for example, as an in-house broker, exclusive broker, competitive broker, or intermediate broker.

Examine the structure of the international dry cargo chartering market and discuss the relative importance of the major market centres.

Discuss the nature and impact of external factors affecting the market including natural catastrophes, environmental, aid programmes and political crises.

Discuss the advantages and disadvantages of different methods of communications available to practitioners in the freight market.

Explain the effect that merchants' trading terms including INCOTERMS, may have on contracts of carriage and the impact of documentary credits especially on documentation.

Explain the rationale of joint ventures and shipping pools and how these operate.

Discuss the market process for freight derivatives and FFAs in the freight market.

CHARTERS AND CHARTER PARTIES

Analyse and explain the basic format, purpose and content of main contractual clauses: common to voyage charters and time charters; specific to each form of charter; protective of one or both of the shipowner and charterer; and functional, for example, providing how disputes which arise under the contracts will be resolved.

Analyse the differences between the structure and purpose of voyage and time charters.

Explain the reasons for the use of standard forms of voyage and time charterparties and their suitability to different trades, including a working knowledge of the content of the latest editions of commonly used standard forms: Voyage charter parties GENCON, NORGRAIN and AMWELSH; and time charters NYPE and BALTIME.

Discuss the reasons for charter party interpretation rules and show knowledge of the contents of the Charter Party Laytime Definitions 2013 and the latest edition of the FONASBA Time Charter Interpretation Code.

Analyse the importance and proper use of additional clauses and addenda.

Draft significant charterparty clauses to a professional standard to deal with situations as specified by a principal.

Discuss the allocation of risks between the owner and charterer in the performance of the contract and assign these risks to the rights and obligations of these parties.

Discuss the use of consecutive voyage contracts and contracts of affreightment and demonstrate knowledge of the terminology and the nature and scope of these forms of contracts of carriage.

BILL OF LADING

Explain what is meant by a bill of lading and its functions in international trade.

Analyse the role of the bill of lading in dry cargo charter parties especially the liabilities of the shipowner to the lawful holder of an original bill of lading.

Referring to the relationship between a mate's receipt and a bill of lading, identify disputes that can arise from a demand for clean bills of lading in particular for dry bulk cargoes including steel products, grain, fertiliser and similar bulk commodities.

Considering requirements regarding delivery of cargo against original bills of lading, discuss the problems that can arise if these documents are not presented to the carrier or agent at the discharge ports and what are the commercial solutions.

Explain the special problems that can arise for shipowners from bills of lading issued under time charters and the potential problems of freight prepaid bills of lading under a charter party.

Explain the effect of a clause paramount contained in a dry cargo charter party.

CHARTERING MARKET PRACTICE

Demonstrate a sound knowledge of guidelines contained in Codes of Conduct and Codes of Ethics of various shipping-related organisations including the Baltic Exchange, FONASBA and also ethical standards promoted by the Institute of Chartered Shipbrokers in its motto, "Our Word, Our Bond".

Analyse the legal, tactical and ethical requirements of the market and the avoidance of conflicts between them.

Compile coherent reports of supply and demand and trends in the voyage and time charter sectors of the freight market, referring to market reports and relevant market indices as necessary.

Describe the procedure of negotiations including cargo circulars, indications, and firm offers

Explain the process of offer, rejection and new offer (counteroffer, accept/except) and acceptance.

Analyse the details to be included in offers for both voyage and time charters and be able to draft a firm offer.

Explain the nature and effect of 'subjects' in a charter negotiation and, identifying some common examples of subjects, explain how they are lifted.

Identify and describe at which point the ship and cargo are 'fully fixed'.

Describe the role of the post-fixture department and identify and explain its functions.

Analyse the broker's responsibility to the principal and the circumstances under which breach of warranty of authority (with and without negligence) might arise and identify the consequent penalties.

Explain the reasons for professional negligence and indemnity insurance for brokers and outline the cover provided.

Identify the remedies available to the broker in the event of the principal's defaulting on their obligations.

FINANCIAL ELEMENTS OF CHARTER PARTIES

Analyse and explain the various ways in which freight (rates per tonne, per cbm or lump sum) and hire calculations (rate per day or per dwt/month) are made and the time when payment is due for each type of charter.

Analyse and explain the reasons for additional payments due under charters and give examples of the appropriate clauses for a) voyage charters: deadfreight, demurrage/despatch, damages for detention and freight taxes; and, b) time charters: payment for bunkers, ballast bonuses, compensation for failure to meet speed and fuel consumption obligations.

Explain the options available to an owner relating to non-payment of freight, for example a lien.

Explain the importance of clauses in time charters relating to late payment of hire and the remedies available to the owner.

Discuss the importance in time charters of performance claims and the nature of off-hire events.

Explain the arrangements for, and the relevant clauses regarding delivery, final voyage and re-delivery under time charters.

Identify and describe how commissions and brokerage are calculated and who is responsible for payment.

Explain the use of freight market derivatives (future freight agreements, FFAs) as a hedging tool.

LAYTIME

Demonstrate a sound knowledge of the provisions in a voyage charter related to laytime, in particular, when laytime can be interrupted or excepted, that is, the charterer does not lose any time for which payment has been made in the freight.

Analyse the importance of the validity and application of notice of readiness (NOR) clauses and be able to draft an appropriate clause professionally in line with customary similar clauses.

Describe the procedure for tendering a valid NOR and discuss common problems relating to acceptance.

From charter party clauses, determine when laytime commences, when it is interrupted and when it is excepted, that is, does not count against the charterer.

Discuss the principle of 'once on demurrage always on demurrage' and the rare exceptions.

Analyse the extent and nature of the information contained in the statement of facts and how a laytime statement is prepared for this document.

Calculate the laytime used and demurrage/despatch earned from appropriate data.

Explain the general application of Charterparty Laytime Definitions with particular reference to berth charters and port charters.

Using examples, explain the application of the following terms: always accessible (AA); weather working day (WWD); (working day) weather permitting (WP); unless sooner commenced, unless used (UU); to average laytime; reversible laytime; WIBON; WIPON;

WIFPON and WCCON; demurrage; dispatch; despatch on working time saved (WTS or LTS); and despatch on all time saved (ATS).

CALCULATIONS

Calculate and produce a voyage estimate from given data.

Identify and discuss the main variables that can impact on the calculation of cargo loaded especially during a voyage charter and also a time charter, including: change of load line zones; freshwater and dock water allowances; draft limitations (including draft calculation – tpi/tpc); and the importance of careful bunker planning.

Describe the techniques used, and produce calculations to compare alternative routes, alternative voyages; and compare voyage with time charter, compare \$/tonne with lump sum rates and \$/day with dwt/month.

Explain the reason for and describe the means of calculation of ballast bonus in time charters.

GENERAL

Analyse the charter party clauses for the resolution of disputes, including the application of arbitration and jurisdiction clauses. Explain the BIMCO Arbitration Clause.

Explain the importance of keeping full and proper records in dispute resolution.

Explain the roles of the commercial courts, arbitration and other alternative dispute resolution (ADR) methods in resolving disputes and identify the differing procedures.

Discuss the importance of shipowners' P&I associations and their role in the context of cargo claims and identify other sectors of shipowners' P&I cover, for example, liability to third parties.
