

# DRY CARGO CHARTERING – Syllabus

*Note: Students will be expected to be able to draw simple plans of main vessel types and identify main characteristics and dimensions.*

## SHIPS

Understand the fundamental differences between dry bulk cargo ships, general purpose ships, liners (container, breakbulk and ro-ro) and tankers.

Thoroughly understand the differences in the types of ships employed in dry cargo trades including Capesize, Panamax and Handysize bulk carriers, general purpose (tramps), container, ro-ro, ore/bulk/oil and ore/oil carriers; short-sea and coastal traders.

Understand the basic dimensions, design and construction details including decks, holds, hatches, derricks, winches, cranes and specialised cargo handling gear.

Thoroughly understand the terminology of measuring ships including dimensions, actual tonnages – deadweight (dwt and dwcc), displacement (total and light); pseudo tonnages – nt & gt; capacities – bale and grain cubic, teus.

Understand what information is contained in capacity, general arrangement and stowage plans. Thoroughly understand the central importance of ship classification, the importance of charterers' inspections and questionnaires.

## CARGOES AND TRADE ROUTES

This subject should interlink with ships so that students can understand how particular ship types are required for the different cargoes and trade routes.

Thoroughly understand the nature, characteristics, hazards and stowage requirements of the four main dry commodities namely coal, ore, grain, and fertilizers. Understand the different subdivisions within these categories and the trade routes which apply.

Understand the nature and characteristics, main places of origin and appropriate trade routes of other important cargoes.

Understand the stowage factors of goods. Be aware of the importance of proper packing, angle of repose, ventilation and prevention of stowage hazards.

Understand the use of alternative routes, the existence of seasonal variations and their impact on markets.

## FREIGHT MARKETS

Thoroughly understand the role of the different market practitioners: charterers, shipowners, operators.

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

Thoroughly understand the role of the broker and its relationship to the principals as an agent. (owner's broker, charterer's agent, exclusive broker, competitive broker, intermediate broker).

Understand the advantages and disadvantages of different methods of communications. Understand the structure and content of market reports and market indices.

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

Be aware of the effect that merchants' trading terms (Incoterms) may have on the shipping contract and the impact of documentary credits especially on documentation.

Understand the rationale of joint ventures and shipping pools and be aware of how these operate.

Thoroughly understand the impact of e-commerce on market practice, its advantages and disadvantages.

Be aware of the main alternative electronic solutions available to brokers.

## **CONTRACTS**

Thoroughly understand the basic format, purpose and content of those main clauses common to all charter party forms.

Thoroughly understand the differences between the structure and purpose of voyage charters and time charters.

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

Understand the reason for charter party interpretation rules and be aware of the contents of VOYLAY Rules 1993 and FONASBA Time Charter Interpretation Code 2000.

Thoroughly understand the importance and proper use of additional clauses and addenda and be able to draft simple specimen clauses.

Understand the individual rights, responsibilities and liabilities of owners, charterers and brokers which arise under the charter party.

Understand the use of consecutive voyage contracts and contracts of affreightment and be aware of the particular terminology required.

## **BILL OF LADING**

Thoroughly understand the role of the bill of lading in charter parties and in particular the liabilities of the shipowner to the bill of lading holder. Understand the relationship to mate's receipts and potential problems arising from the demand for clean bills of lading. Be aware of cargoes that pose particular problems in this context including steel, grain etc.

Thoroughly understand the requirements regarding delivery of cargo against bills of lading. Understand the problems arising from the non-production of originals at discharge ports and practical solutions.

Understand the particular problems for owners arising from bills of lading under time charters and the potential special problems of freight prepaid bills of lading.

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## **CHARTERING MARKET PRACTICE**

Thoroughly understand the procedure of negotiations including cargo circulars, indications, and firm offers.

Understand all the customary abbreviations used during negotiation.

Understand the process of offer, rejection and new offer (counter offer, accept/except) and acceptance.

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

Understand what 'subjects' are, be able to identify some common examples of subjects and explain how they are lifted.

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

Understand the role of the post-fixture department and be able to identify and explain its functions.

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

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

Understand the importance of professional negligence and indemnity insurance for brokers and be aware of the cover provided.

Be aware of the remedies available to the broker in the event of the principal defaulting on their obligations.

## **FINANCIAL ELEMENTS OF CHARTER PARTIES**

Thoroughly understand the various ways in which freight (rates per tonne or lump sum) and hire calculations (rate per day or per dwt/month) are made and the time when payment is due. Thoroughly understand the reasons for, and calculation of, additional payments due under charter parties and the appropriate clauses: for voyage charters – deadfreight, demurrage/despatch, damages for detention and freight taxes; for time charters – payment for bunkers, ballast bonuses.

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

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

Understand the arrangements for, and relevant clauses regarding, delivery, final voyage and re-delivery.

Thoroughly understand how commissions and brokerage are calculated and who is responsible for payment.

Understand the use of freight market derivatives as a hedging tool and be aware of the operation of the derivatives market.

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## LAYTIME

Thoroughly understand the importance of the clarity of notice of readiness (NOR) clauses and be able to draft a concise clause.

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

Understand the point at which laytime commences and the circumstances under which laytime may be interrupted; understand what time is excluded from laytime.

Thoroughly understand the principle of 'once on demurrage always on demurrage' – and the rare exceptions.

Thoroughly understand the extent and nature of the information contained in the statement of facts and how the laytime statement is prepared. Be able to calculate the laytime used and demurrage/despatch earned from appropriate data.

Understand the application of 'VOYLAY Rules' with particular reference to berth and port charters and weather working days.

## CALCULATIONS

Thoroughly understand the essential procedures used to create a voyage estimate and be able to make complete calculations from given data.

Be aware of the main variables including change of loadline zones, fresh water allowances, draft limitations (including draft calculation – tpi/tpcm) and the importance of careful bunker planning. Understand the techniques used, and be able to make the calculations, to compare alternative routes, alternative voyages, compare voyage with time charter, compare \$/tonne with lump sum rates and \$/day with dwt/month.

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

## GENERAL

Thoroughly understand the charter party clauses for the resolution of disputes, including the application of arbitration and jurisdiction clauses. Be aware of the BIMCO Arbitration Clause.

Understand the roles of the commercial courts, arbitration and alternative dispute resolution (ADR) in settling disputes and be aware of the differing procedures.

Understand the importance of shipowners' P&I associations and their role in the context of cargo claims. Be aware of the other sectors of owners' P&I cover.

Understand the role of intermediaries' P&I associations and the classes of cover offered to brokers and agents.

Be aware of the importance of keeping full and proper records to assist in dispute resolution.

**Note: No exemption is permitted from this subject.**

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