



Hellenic
Management
Centre



INSTITUTE OF
CHARTERED
SHIPBROKERS
GREEK BRANCH

DRY CARGO CHARTERING

Syllabus

DRY CARGO CHARTERING

Syllabus

SHIPS

Fundamental differences between dry bulk cargo ships, general purpose ships, liners (container, break bulk and RoRo) and tankers

The differences in the types of ships employed in dry cargo trades including Capesize, Panamax and Handy size bulk carriers, General Purpose (Tramps), Container, Ro/Ro, Ore/Bulk/Oil and Ore/Oil carriers; Short sea and coastal traders

The basic dimensions, design and construction details including decks, holds, hatches, derricks, winches, cranes and specialized cargo handling gear.

The terminology of measuring ships including dimensions, actual tonnages – deadweight (dwt & dwcc), displacement (total & light); pseudo tonnages – NT & GT; capacities – bale & grain cubic, TEUs

Information contained in Capacity, General Arrangement and stowage plans

The central importance of ship classification, the importance of charterers' inspections and questionnaires

CARGOES AND TRADE ROUTES

understand how particular ship types are required for the different cargoes and trade routes.

The nature, characteristics, hazards and stowage requirements of the four main dry commodities namely Coal, Ore, Grain, and Fertilizers. Understand the different sub-divisions within these categories and the trade routes which apply

The nature and characteristics, main places of origin and appropriate trade routes of other important cargoes

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

The use of alternative routes; the existence of seasonal variations and their impact on markets

FREIGHT MARKETS

The role of the different market practitioners; Charterers, Shipowners, Operators

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

The role of the Broker and its relationship to the principals as an agent. (Owners broker, charterers agent, exclusive broker, competitive broker, intermediate broker)

The advantages and disadvantages of different methods of communications

The structure and content of market reports and market indices

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

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

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

The impact of e-commerce on market practice, its advantages and disadvantages. the main alternative electronic solutions available to brokers

CONTRACTS

The basic format and purpose and content of those main clauses common to all Charter Party forms

The differences between the structure and purpose of voyage charters and time charters

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 including: voyage charters - Gencon, Norgrain, Amwelsh and time charters – Baltime, NYPE.

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

The importance and proper use of additional clauses and addenda and drafting simple specimen clauses.

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

The use of consecutive voyage contracts and contracts of affreightment and the particular terminology required.

BILL OF LADING

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

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

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

CHARTERING MARKET PRACTICE

The procedure of negotiations including cargo circulars, indications, and firm offers.

The customary abbreviations used during negotiation.

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

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

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".

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

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

The brokers 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.

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

The remedies available to the broker in the event of the principal defaulting on its obligations.

FINANCIAL ELEMENTS OF CHARTER PARTIES

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.

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.

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

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

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

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

The use of freight market derivatives as an hedging tool and be aware of the operation of the derivatives market.

LAYTIME

The importance of the clarity of notice of readiness clauses and be able to draft a concise clause.

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

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

The principle of “once on demurrage always in demurrage” – and the rare exceptions.

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.

The application of “Voylay Rules” with particular reference to Berth-v-Port charters and Weather Working days.

CALCULATIONS

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

The main variables including change of loadline zones, fresh water allowances, draft limitations (including draft calculation - tpi/tpcm) also the importance of careful bunker planning.

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

The reason for and means of calculation of Ballast Bonus in time charters.

GENERAL

The charter party clauses for the resolution of disputes including the application of arbitration and jurisdiction clauses. Be aware of the Bimco Arbitration Clause.

The roles of the commercial courts, arbitration and Alternative Dispute Resolution (ADR) in settling disputes and be aware of the differing procedures.

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.

The role of Intermediaries P&I Associations and, the classes of cover offered to brokers and agents.

The importance of keeping full and proper records to assist in dispute resolution.