

A DAY IN THE LIFE OF A TRAMP PARCEL TANKER OPERATOR

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FOR MANY CONFERENCES NOW WE HAVE LISTENED TO LEARNED SPEAKERS DISCUSS THE FINER POINTS OF MARITIME LAW AS IT EFFECTS SHIP OWNERS/OPERATORS AND CARGO INTERESTS.

OUR PURPOSE IN PRESENTING THIS PAPER IS,HOPEFULLY TO PROVIDE AN INSIGHT INTO THE ACTUAL DAY TO DAY OPERATIONS OF A SHIP OPERATOR - THE TYPES OF MANAGEMENT DECISIONS THAT HAVE TO BE MADE ,INVOLVING THE FIXING OF CARGO- STOWING OF THE SHIP- INSTRUCTING THE AGENTS-ARRANGING AND/OR INSTRUCTING ON BILLS OF LADING AND INSTRUCTING THE MASTER ON VOYAGE AND CARGO REQUIREMENTS .

WHAT YOU ARE ABOUT TO HEAR IS A DISTILLATION OF THE VARIOUS DECISIONS WHICH HAVE TO BE MADE IN CONNECTION WITH ONE OR MORE OF OUR SHIPS AT ANY TIME ON ANY DAY.

WE HAVE CHOSEN TO STRING THEM ALL TOGETHER IN THE FORM OF A STANDARD VOYAGE -WHICH IN ITSELF,WOULD PROBABLY SPAN A PERIOD OF SOME WEEKS.

MY COLLEAGUE ,MR MURRAY THOMPSON, WILL COMMENT ON THE VARIOUS LEGAL IMPLICATIONS AS THEY EFFECT THE COMMERCIAL REALITY OF RUNNING A FLEET OF SHIPS.

OPERATING AND POSITIONING A FLEET OF SHIPS WITH THE OBJECT OF KEEPING THEM FULL OF CARGO MOST OF THE TIME IS MUCH LIKE PLAYING A GAME OF CHESS UP TO SIX MONTHS IN ADVANCE WHEN OCEANS AND PORTS OF THE WORLD ARE ONES CHESSBOARD

CHARTERING-FINDING THE CARGO

CARGOES COMPRISE A MIXTURE OF C.O.A [CONTRACT OF AFFREIGHTMENT] AND "SPOT" FIXTURES.

CONTRACT OF AFFREIGHTMENTS ARE THE BARE BONES OF A SHIP OPERATORS BUSINESS AND COULD INVOLVE ANYWHERE BETWEEN 50 AND 75 PERCENT OF HIS INCOME.

THEY MAY RANGE FROM SHORT TERM -IE ONE OR MORE CONSECUTIVE VOYAGES IN A 3-6 MONTH PERIOD ,OR THEY COULD EXTEND TO "EVERGREEN" C.O.A'S - WHEREIN THE BASE PARAMETERS OF FREIGHT AND DEMURRAGE RATES, TOGETHER WITH POSSIBLE VARIANCES TO PORT OPTIONS ARE PERIODICALLY RENEGOTIATED.

CONTRACTS OF THIS NATURE WILL ALMOST CERTAINLY INCORPORATE A "RISE AND FALL" BUNKER ADJUSTMENT CLAUSE TO TAKE ACCOUNT OF ONE MAJOR VARIABLE FORESEEN DURING THE LIFE OF THE CONTRACT.

IN TERMS OF THE C.O.A -THE SHIP OPERATOR UNDERTAKES TO CARRY OUT A DEFINED NUMBER OF VOYAGES FROM PORT OR PORTS "A" TO PORT OR RANGE OF PORTS "B" WITHIN A GIVEN PERIOD.

IT IS THEREFORE MOST IMPORTANT FOR THE OPERATOR TO PROGRAMME HIS FLEET TO ENSURE THAT THE RIGHT SHIPS ARE IN THE RIGHT PLACES WITHIN THE RIGHT TIMESPAN [THE LAYCAN] AND WITH SUFFICIENT TANKAGE OF THE RIGHT CONFIGURATION AND CORRECT PRIOR CARGOES AVAILABLE TO RECEIVE THE NOMINATED CARGOES.

C.O.A FIXTURES, DUE TO THEIR ESSENTIALLY LONGER TERM NATURE ARE NOT ARRANGED LIGHTLY, AND NEGOTIATIONS COULD WELL EXTEND OVER MANY MONTHS ,OR EVEN YEARS.

ONE OF THE SECRETS OF SUCCESS, WHEN ARRANGING THESE LONGER TERM COMMITMENTS , IS TO ENSURE THAT THERE IS A BETTER THAN EVEN LIKELYHOOD OF BEING ABLE TO FIX INTERIM CARGOES - TO FILL OUT THE "BALLAST PASSAGES" REQUIRED TO PLACE THE SHIP AT THE NOMINATED LOADPORT AND AFTER THE FINAL DISCHARGE PORT.

CARRYING SEAWATER AS BALLAST IN A PARCEL TANKER IS NOT A VERY PRODUCTIVE CARGO AND IF FORCED INTO THIS SITUATION TOO FREQUENTLY IS A RECIPE FOR DISASTER.

HAVING DETERMINED FUTURE "OPEN POSITIONS"- CONTACT IS ESTABLISHED EITHER THROUGH A NETWORK OF BROKERS, OR DIRECT WITH POSSIBLE CARGO SHIPPERS BY EITHER TELEPHONE OR TELEX.

THE INFORMATION AVAILABLE TO THE CHARTERING DEPARTMENT IS BEING CONSTANTLY UPDATED FROM A WORLDWIDE NETWORK OF BROKERS WITH DETAILS OF FORTHCOMING SPOT CARGO MOVEMENTS.

AT THE SAME TIME BROKERS ARE BEING KEPT UPDATED ON PENDING "OPEN POSITIONS" WITHIN THE FLEET.

AS POSSIBILITIES ARE INITIALLY CONSIDERED, A COSTING IS PREPARED OF THE PROPOSED VOYAGE AND THE IMPLICATIONS OF VOYAGE COORDINATION WITH OTHER COMMITMENTS . THE DISPOSITION OF OTHER VESSELS IN THE FLEET IS ALSO TAKEN INTO CONSIDERATION.

IF THE "NUMBERS" APPEAR WORKABLE ,AN INITIAL OFFER IS MADE EITHER DIRECT- OR THROUGH BROKERS- TO THE CARGO INTERESTS WHEREIN ARE SET OUT THE WIDE "LAYCAN" -IE THE EARLIEST TO LATEST ARRIVAL DATES OF THE SHIP AT FIRST LOADPORT, THE FREIGHT RATE -EITHER ON A LUMPSUM OR PER METRIC TON BASIS- THE DEMURRAGE RATE - ON A PRORATA DAILY BASIS TOGETHER WITH CARGO QUANTITIES AND GRADES, LOADPORT OR LOAD PORT RANGE DISCHARGE PORTS AND MOST IMPORTANTLY THE CHARTER PARTY FORM AND ANY SPECIAL TERMS AND CONDITIONS THERETO.

THESE NEGOTIATIONS MAY WELL BE INTRODUCED AND CONCLUDED WITHIN THE SPAN OF ONE NIGHT,ALTERNATIVELY THEY MAY DRAG ON FOR DAYS ,WITH VARIOUS "SUBJECTS" BEING ATTACHED BY BOTH PARTIES AND ELIMINATED AS THEIR RESPECTIVE POSITIONS FIRM UP.

"SUBJECTS" ARE QUALIFICATIONS ATTACHED AT THE TIME OF INITIAL FIXING BY ONE OR BOTH PARTIES AND EFFECTIVELY MAKE THE FIXTURE A "CONDITIONAL FIXTURE"

FOR INSTANCE,A TRADER MAY MAKE ARRANGEMENTS FOR A VESSEL POSITION AND THEN ENDEAVOUR TO NEGOTIATE THE PURCHASE-OR SALE - OF THE INTENDED CARGO.- HENCE,- "SUB STEM"

MANY LARGER COMPANIES MAY REQUIRE SEPARATE AUTHORITY FOR CONCLUSION -HENCE , "SUB MANAGEMENT APPROVAL"

ALTERNATIVELY THE OWNER MAY HAVE MORE THAN ONE VOYAGE/CARGO COMBINATION PRESENTLY AVAILABLE,SO COULD ATTACH "SUB OWNERS RECONFIRMATION BY [A CERTAIN TIME/DATE]"

THE TANKER FORM CHARTER PARTIES

PARCEL TANKER FIXTURES ARE ESTABLISHED IN TWO BROAD FORMS OF CHARTER PARTY WHICH HAVE THEIR ORIGINS IN THE IMMEDIATE POST WAR PERIOD. PARCEL TANKERS - AS A FORM OF TRANSPORT - DEVELOPED AS A RESULT OF THE UTILISATION OF DEEP TANKS AND BALLAST TANKS IN LIBERTY SHIPS AND OTHER GENERAL CARGO VESSELS.

THE DOCUMENTATION IN SUPPORT OF THIS NEW FORM OF TRANSPORT FIRST EMERGED IN STANDARD FORM IN 1945 WITH THE WARSHIPOILVOY

A- VEGETABLE OIL CHARTERPARTIES

B- PETROLEUM-OIL-CHEMICAL CHARTERPARTIES

A- VEGETABLE OIL CHARTER PARTIES ARE FAIRLY SIMPLE AND INCLUDE THE LONG TIME "VEGOILVOY" - INTRODUCED IN IT'S PRESENT FORM ON 27 JAN 1950

DERIVATIONS OF THIS FORM INCLUDE THE "TANKER VOYAGE CHARTER PARTY" - MORE COMMONLY KNOWN AS THE "LONDON FORM" DUE TO ITS POPULARITY WITH U.K AND CONTINENTAL TRADERS AND BROKERS, BUT OFTEN USED IN ITS 1980 AMENDED FORM IN NORTH AND CENTRAL AMERICAN FIXTURES THROUGH NEW YORK BROKERS.

HYBRIDS OF BOTH THE ABOVE INCLUDE THE "IMOL 78" CHARTER PARTY -INTRODUCED BY MOLASSES TRADERS/BROKERS A.W IVERS AND USED WORLD WIDE BY THE MOLASSES TRADE.

THE MOST RECENT ,AND AS YET LITTLE USED AND LARGELY UNTESTED OF THE VEGETABLE OIL CHARTER PARTIES IS THE BISCOILVOY 86 .THIS WAS DRAWN UP BY A COMMITTEE ON WHICH BIMCO AND THE INTERNATIONAL ASSOCIATION OF SEED CRUSHERS [IASC] AND THE FEDERATION OF OILS ,SEEDS AND FATS ASSOCIATIONS WERE [FOSFA] WERE REPRESENTED

B- PETROLEUM-OIL-CHEMICAL CHARTERPARTIES ARE MORE WIDELY VARIED AND REFLECT THE HISTORY AND STRENGTH OF THE OIL MAJORS OVER MANY YEARS IN THE CARRAIGE OF OIL CARGOES BY SEA -BOTH AS SHIPOWNERS IN THEIR OWN RIGHTS AND AS TIME OR VOYAGE CHARTERERS.

THE PERENNIAL "WARSHIPOILVOY"- ISSUED ON 1ST NOVEMBER 1945, WITH SOME AMENDMENTS IN 1950-IS STILL LARGELY UTILISED AS AN "OWNERS" CHARTER PARTY.

THE ESSOVOY 1969 AND EXXONVOY 1969 WERE WIDELY USED UNTIL FAIRLY RECENTLY,WHEN EXXON INTRODUCED THE STB VOY FORM AND WHICH APPEARS - IN TURN TO BE LARGELY SUPERCEDED BY THE EXXONVOY 84 FORM- INTENDED TO INCORPORATE RECENT MARPOL REGULATIONS.

TEXACOVOY [1/9/71] , BEEPEEVOY 2 [1976],FOLLOWED BY BEEPEEVOY 2 83 -TOGETHER WITH THE SHELLVOY CHARTER PARTIES AND THE MOBILVOY 80 FORM REPRESENTED THE EFFORTS OF THOSE MAJORS TO INCORPORATE THEIR OWN TERMS AND CONDITIONS ON THE MARKET .

PERHAPS THE MOST WIDELY USED FORM FOR CARRIAGE OF GENERAL CHEMICALS AND PETROLEUM BY-PRODUCTS IN USE TODAY IS THE "ASBATANKVOY "FORM -PREPARED BY THE ASSOCIATION OF SHIP BROKERS AND AGENTS [USA] AND FIRST ISSUED IN OCTOBER 1977.

THE MOST RECENTLY INTRODUCED CHARTERPARTY FORM - THE TANKERVOY 87 - PREPARED BY INTERTANKO'S DOCUMENTARY COMMITTEE, HEADED BY MR. HARVEY WILLIAMS- IS SAID TO REFLECT CHANGES OVER THE PAST DECADE AND INCLUDES NEW CLAUSES ON POLLUTION PREVENTION,WAR RISKS LAYTIME AND DEMURRAGE.

WHEN ALL TERMS AND CONDITIONS HAVE BEEN AGREED AND ALL "SUBJECTS"LIFTED A "FIXTURE CONFIRMATION"IS SENT TO BOTH PARTIES BY THE BROKER CONCERNED AND IN WHICH IS SPELT OUT IN SHORTFORM JARGON ALL THE RELEVANT TERMS AND CONDITIONS WHICH WILL LATER COMPRISE THE "TYPED CLAUSES"IN PART 1 OF THE CHARTER PARTY TOGETHER WITH ANY ALTERATIONS TO PART 11 AND ANY AGREED "SPECIAL CONDITIONS"

AT THIS TIME,EVENTS MOVE LARGELY OUT OF THE HANDS OF THE CHARTERING DEPARTMENT AND INTO "OPERATIONS"

OPERATIONS -SETTING UP THE VOYAGE

OPERATIONS STUDY THE AGREEMENT WITH PARTICULAR REFERENCE TO SPECIAL REQUIREMENTS -IE WHETHER OWNERS OR CHARTERERS AGENTS ARE TO BE APPOINTED AT LOAD AND/OR DISCHARGE PORTS.

IF THE PORTS INVOLVED ARE FIRST TIME PORTS A CHECK IS MADE OF ANY SPECIAL CONDITIONS -IE TIDAL/DRAFT RESTRICTIONS -PILOTAGE BERTHING REQUIREMENTS -DOCUMENTARY REQUIREMENTS OF THE COUNTRIES CONCERNED -SPECIFIC MARPOL REGULATIONS ,ETC.

ONE WOULD ALSO CHECK ANY SPECIAL CONDITIONS FOR ADVICE OF
ETA'S TO AGENTS/SHIPPERS/CHARTERERS ETC.

BASED ON THE GRADES, QUANTITIES, SPECIAL LIMITATIONS OF THE
INTENDED CARGO MIX, A STOWAGE PLAN MUST BE CALCULATED,
TOGETHER WITH THE LOADING SEQUENCE, PUMP/PIPELINE
CONFIGURATION AND AS IT WILL EFFECT SUBSEQUENT DISCHARGE
REQUIREMENTS.

GREAT CARE HAS TO BE TAKEN IN THIS SPECIALISED AREA TO ENSURE
THAT DRAFT, LIST AND TRIM PARAMETERS TOGETHER WITH ANY
RESTRICTIONS OF HEATED OR NON HEATED CARGOS, PRIOR CARGO
CONSTRAINTS AS WELL AS TANK COATING LIMITATIONS OF THE
INTENDED CARGO ARE ALL TAKEN INTO CONSIDERATION.

DEPENDING UPON THE TIME LIMITATIONS , ALL THIS INFORMATION AND
INSTRUCTIONS ARE TRANSMITTED TO THE VSL AT THE NEXT CALLING
PORT IN ORDER FOR MAXIMUM TIME TO BE ALLOWED FOR OBTAINING
NEW OR DIFFERENT CHARTS IF THE PROPOSED VOYAGE EMBRACES NEW
WATERS, AND ALSO TO ALLOW TIME FOR THE VESSEL TO QUERY ANY
SPECIAL VOYAGE OR CARGO INSTRUCTIONS.

IN OTHER FLEETS WITH LARGER VESSELS EQUIPPED WITH INMARSAT
AND ONBOARD TELEPHONE/TELEX FACILITIES COMMUNICATIONS CAN BE
MORE DIRECT, ALBEIT VERY MUCH MORE EXPENSIVE.

THE SHIP IS ADVISED WITH LATE INSTRUCTIONS BY WIRELESS
IN OUR CASE TELEGRAPHY CABLES TO A PREDETERMINED GRID OF
COASTAL RADIO STATIONS.

AT THE SAME TIME THE BUNKERING DEPARTMENT CALCULATE SHIPS
STEM REQUIREMENTS FOR THE VOYAGE TAKING INTO CONSIDERSATION
THE AMOUNT OF CARGO TO BE CARRIED, THE LENGTH OF VOYAGE,
VESSELS DEADWEIGHT LIMITATIONS IN THE VARIOUS SECTORS OF THE
VOYAGE AND ALTERNATIVE BUNKERING POINTS ENROUTE.
CONTACT IS THEN MADE WITH THE VARIOUS SUPPLIERS TO NEGOTIATE
BEST POSSIBLE SUPPLY SOURCES AT LOADPORT OR ENROUTE.

PERHAPS ONE OF THE "SECRETS OF A SUCCESSFUL TRAMP OPERATOR"
IS THE ESTABLISHMENT OVER A LONG PERIOD OF A FAIRLY
EXHAUSTIVE NETWORK OF PORT AGENTS AROUND THE WORLD. AT ANY
TIME WE WOULD HAVE DIRECT ACCESS -FROM PRIOR RELATIONSHIPS
-TO OVER 500 AGENTS , AND IF THE PROPOSED LOADPORT WAS A NEW
ONE , IMMEDIATE ACCESS TO THE NAMES AND DETAILS OF ALL AGENTS
OPERATING IN THAT PORT.

TELEX CONTACT IS THEN MADE WITH THE LOADPORT AGENT-WITH
ADVISE OF VESSELS ETA , DETAILS OF CARGOES TO BE LOADED,
SHIPPERS, PROPOSED STOWAGE, BUNKER REQUIREMENTS TOGETHER
WITH INSTRUCTIONS AS TO PREPARATION OF BILLS OF LADING
-FORMAT, WHETHER FREIGHT PREPAID, DETAILS OF CHARTER PARTY
CHARTERER, OWNER ETC, WHETHER BILLS ARE TO BE RELEASED ON
PRESENTATION OR AFTER ADVICE THAT FREIGHT HAS BEEN PAID

IN RESPONDING , THE AGENT WILL ADVISE DETAILS OF ESTIMATED
PORT DISBURSMENTS, CARGO READINESS, ANY PECULIARITIES OF
THE PORT THAT WILL REQUIRE CONSIDERATION OR RELAY TO THE
SHIP ETC.

AGENTS DETAILS, TOGETHER WITH VESSELS ETA ARE RELAYED TO THE FIXING BROKER FOR ADVICE TO THE CHARTERER AND UPDATED IN TERMS OF CHARTERPARTY REQUIREMENTS BUT GENERALLY 7-5-3-2-1 DAYS PRIOR TO SHIPS ARRIVAL AS CABLED BY THE SHIP

SHOULD SPECIAL PILOTAGE BE REQUIRED -SUCH AS ENGLISH CHANNEL-IRISH OR NORTH SEA ETC, ARRANGEMENTS ARE MADE TO COORDINATE THE EMBARKATION AND/OR DISEMBARKATION AT SELECTED POINTS ENROUTE.

COMMENCING THE VOYAGE -LOADING THE CARGO

WE MOVE NOW TO WHEN THE SHIP HAS ARRIVED AT THE LOADPORT, HAS TENDERED NOTICE OF READINESS TO THE AGENT AND SUBSEQUENTLY BERTHED. AT THIS TIME THE AGENT IS REQUIRED TO MAINTAIN A REGULAR TELEX UPDATE OF THE SHIPS LOADING PROGRESS -ANY DELAYS TO BERTHING/INTERRUPTIONS TO LOADING ETC.

THE AGENT IS EXPECTED TO MAINTAIN A REGULAR UPDATE WHILST LOADING IS TAKING PLACE AND TO TELEX OR FAX DETAILS OF BILLS OF LADING WHEN PRESENTED TOGETHER WITH A FULL SUMMARY OF PORT TIMES, BUNKERS ONBOARD ON ARRIVAL/DEPARTURE AND ETA AT NEXT PORT.

THE BILLS OF LADING

BILLS OF LADING UTILISED IN TRAMP PARCEL TANKER OPERATIONS ARE GENERALLY OF THE SIMPLE "TANKER FORM" STYLE, MOSTLY VEGOILVOY OR WARSHIPOILVOY -EITHER ON THE "OWNERS FORM" OR IN THE CASE OF OIL COMPANY MAJORS -ON THEIR OWN STYLE OF BILL BUT, WITH SOMETIMES MINOR AMENDMENTS, IN STANDARD TANKER FORM.

IN GENERAL TERMS -MOST TANKER CHARTERS ARE ON THE BASIS OF FREIGHT BEING PAYABLE UPON COMPLETION OF LOADING AND IN ORDER TO SATISFY LETTERS OF CREDIT REQUIREMENTS, BILLS OF LADING ARE REQUIRED TO BE ENDORSED "FREIGHT PAID " OR "FREIGHT PREPAID". YOU WILL THEN BE ABLE TO UNDERSTAND WHY VERY CLEAR COMMUNICATIONS MUST EXIST BETWEEN OWNER AND AGENT TO ENSURE THAT FREIGHT PREPAID BILLS ARE ONLY RELEASED-AND WITH THEM -OWNERS GENERAL ENTITLEMENT TO A LIEN FOR FREIGHT- ONLY WHEN FREIGHT HAS ACTUALLY BEEN PAID.

OF COURSE -ALTERNATIVES EXIST IN ALL SITUATIONS-AND IN SOME CASES THE TERMS OF CHARTER MAY HAVE BEEN AGREED FOR FREIGHT TO BE PAID AT A GIVEN NUMBER OF DAYS AFTER RELEASE OF BILLS OR EVEN UP TO PAYMENT SOME TIME AFTER THE CARGO HAS IN FACT BEEN DISCHARGED.

NEEDLESS TO SAY THIS LAST METHOD WOULD ONLY BE AGREED WITH VERY FIRST CLASS-AND WELL KNOWN- CHARTERERS. IN THESE CASES BILLS ARE USUALLY ENDORSED "FREIGHT PAYABLE AS PER CHARTER PARTY " OR "FEIGHT PAYABLE"

THE OWNER MUST ENSURE THAT THE AGENT -SOMETIMES A PERSON OF DOUBTFUL INTELLIGENCE - DOES IN FACT ACERTAIN THAT THE BILLS OF LADING HAVE BEEN CORRECTLY DATED AND OTHERWISE CORRECTLY DESCRIBE THE CARGO INVOLVED IN ORDER TO AVOID POSSIBLE INFRINGEMENT OF P+I CLUB RULES FOR ISSUEOF ANTE/POST DATED OR OTHERWISE WRONGLY DESCRIBED BILLS.

IN THE ALBEIT REMOTE POSSIBILITY THAT OWNER MAY , AT SOME LATER STAGE, WISH TO EXERCISE A LIEN ON THE CARGO, IT IS IMPORTANT WHERE PRACTICABLE, TO INSERT THE RELEVANT CHARTER PARTY DETAILS UNDER WHICH THE CARGO IS CARRIED INTO THE BILLS OF LADING.

FOLLOWING THE SURPRISE DECISION OF THE N.S.W COURT OF APPEAL IN THE "BOWOON NO. 5 -V- NAM CHOW CHEMICALS " MATTER A FEW YEARS AGO- IT BECOMES ALSO A MATTER OF GOOD ORDER TO ENSURE THAT IN THE CASE OF A TIME CHARTERED VESSEL, AN ENDORSMENT TO THAT EFFECT, OR ALTERNATIVELY A FULL DEMISE CLAUSE, IS ALSO INCLUDED.

YOU WILL SEE THEN, THAT THE CORRECT PREPARATION AND/OR CHECKING OF BILLS OF LADING IN THE HANDS OF THIRD PARTIES VERY OFTEN IN REMOTE COUNTRIES WHERE EVEN TELEX CONTACT IS MARGINAL, CAN BE FRAUGHT WITH DANGER.

VOLUMETRIC CALCULATION OF LIQUID CARGOES IS A FAIRLY UNCERTAIN SCIENCE AND IT RARE THAT BOTH THE SHORE [BILL OF LADING] FIGURE IS IDENTICAL TO THAT CALCULATED FROM THE SHIPS TANK CALIBRATION TABLES.

WHILST A TANKER BILL OF LADING AND ALSO THE CHARTER PARTIES ARE CLAUSED TO THE EFFECT THAT CARRIERS LIABILITY EXTENDS ONLY TO THE LOSS OF CARGO MEASURED FROM A POINT WHERE THE CARGO IS PUMPED OVER THE SHIPS SIDE INTO THE TANKS TO THE TIME WHEN IT IS DISCHARGED PAST THE SHIPS PERMANENT HOSE CONNECTIONS - THERE ARE SOME COUNTRIES -IE BANGLADESH- WHERE THE VIEW IS HELD THAT LOSS SHOULD BE MEASURED FROM MANIFESTED [BILL OF LADING] FIGURE AGAINST THE EVENTUAL SHORE TANK OUTTURN.

A PRUDENT OWNER WILL THUS ENSURE THAT HIS SHIPS MASTER
-AS A MATTER OF COURSE- PREPARES A NOTE OF PROTEST WHENEVER
HE BECOMES AWARE OF A SUBSTANTIAL DISCREPANCY BETWEEN THE
SHORE OR BILL OF LADING FIGURE AND HIS OWN SHIPS CALCULATIONS
AND COPIES OF THIS MUST BE HANDED TO THE SHIPPERS, AGENTS
AND SENT TO OWNERS AS AN ALTERNATIVE TO ACTUALLY CLAUSING
THE BILL WITH A NOTE OF THESE DIFFERENCES.

PROSECUTION OF THE VOYAGE

AS SOON AS DETAILS OF A NEW VOYAGE ARE KNOWN TO "OPERATIONS"
THE SHIP SHOULD BE ADVISED SO THAT , AMONG OTHER THINGS ,
THE MASTER MAY CHECK HIS STOCK OF CHARTS TO ENSURE THAT HE
IS HOLDING ALL RELEVANT NEW OR CORRECTED CHARTS FOR THE
FORTHCOMING VOYAGE.

SHOULD NEW CHARTS BE REQUIRED OWNERS HAVE SOME TIME TO CHECK
AVAILABILITY AT THE LOADPORT AND MAKE ARRANGEMENTS TO
COURIER NEW CHARTS IN IF NECESSARY.

AS AN ONGOING OPERATION, COPIES OF ALL NOTICES TO MARINERS
ARE DESPATCHED ON A REGULAR BASIS TO THE SHIPS NEXT KNOWN
RELIABLE PORT OF CALL - HOWEVER ONE OF THE CHALLENGES OF
A TRAMPING OPERATION IS THE RELATIVE UNCERTAINTY IN THE
LONG TERM [AND OFTEN THE VERY NEAR FUTURE] OF A SHIPS
EVENTUAL ROUTE AND PORTS OF CALL - AND IN THESE CASES CHART
UPDATES BY MEANS OF NOTICES TO MARINERS SERVE LITTLE PURPOSE
IN LIEU OF FRESH CHARTS.

THE CARGO IS NOW LOADED - AND THE SHIP HAS CLEARED PORT ON HER VOYAGE.

AT THIS TIME ,AND BASED ON THE BILL OF LADING FIGURES AS SUPPLIED BY THE AGENT, THE CHARTERERS - VIA THE BROKER CONCERNED- ARE ISSUED WITH A TELEXED FREIGHT INVOICE. SHOULD CHARTER TERMS SPECIFY "FREIGHT PREPAID" - THE AGENT IS INSTRUCTED NOT TO RELEASE BILLS UNTIL THE FREIGHT HAS IN FACT BEEN RECEIVED

THE CAPTAIN WILL SEND OWNERS A "DEPARTURE CABLE" WHEREIN IS INCLUDED HIS FRESH WATER AND BUNKERS ONBOARD ON DEPARTURE TOTAL CARGO ONBOARD, HIS SAILING DRAFT, THE COAST RADIO STATION BEING MONITORED, HIS ETA AT NEXT DISCHARGE PORT OR PILOT EMBARKATION POINT OR CANAL ENTRANCE TOGETHER WITH HIS ESTIMATED QUANTITY OF FUEL REMAINING ON BOARD AT NEXT PORT OF CALL.

ON LONG CROSS OCEAN PASSAGES A PRUDENT OWNER WILL ENGAGE THE SERVICES OF A WEATHER ROUTING ORGANISATION SUCH AS OCEANROUTES.

THESE PEOPLE HAVE THE FACILITIES TO COORDINATE REPORTS OF PREVAILING WEATHER PATTERNS AROUND THE WORLD AND IN CONJUNCTION WITH THE MASTERS DAILY REPORTS OF SHIPS CONDITION LOCALISED WEATHER AND SEA CONDITIONS - TO DIRECT THE SHIP ON THE BEST ROUTING TO HER NEXT PORT OF CALL.

EVERY TWO DAYS THE SHIP WILL CABLE HER POSITION AND CURRENT CONDITION AND UPDATED ETA -WHICH IS CAREFULLY MONITORED BY OPERATIONS CONTROL AS A MEASURE OF THE SHIPS OPERATING EFFICIENCY, TOGETHER WITH UPDATED ADVICES TO CHARTERERS AND AGENTS FOR ANY VARIATION OF ETA'S

THE VOYAGE-DISCHARGE PORT

DISCHARGE PORT AGENTS HAVE TO BE CONTACTED AND, IF A NEW PORT OF CALL , TO BE APPOINTED.

IT IS NECESSARY TO DETERMINE A FULL BREAKUP OF ESTIMATED PORT DISBURSMENTS, TELEX, TELEPHONE NUMBERS, BANK ACCOUNT DETAILS, ANY SPECIFIC INSTRUCTIONS FOR ROUTING OF FUNDS AND MOST IMPORTANT - ANY SPECIAL RULES OF THE PORT- ENTRY FORMALITIES TO BE OBSERVED ETC.

AN EXCELLENT REFERENCE FOR NEW PORTS IS THE TWO VOLUME PUBLICATION "GUIDE TO PORT ENTRY" A COPY OF WHICH IS NEVER FAR AWAY FROM THE OPERATIONS DESK AND ON THE BRIDGE OF EVERY SHIP.

THE AGENT IS ADVISED OF THE SHIPS ETA - AND AS A MATTER OF COURSE ASKED TO ADVISE PORT OR GOVERNMENT FACILITIES FOR STORAGE OF CARGO SHOULD THE ORIGINAL BILLS OF LADING NOT BE AVAILABLE WHEN THE SHIP ARRIVES AND IS READY TO COMMENCE DISCHARGE.

DISCHARGE-THE IMPORTANCE OF THE ORIGINAL BILL OF LADING

AS ALL CONSCIENTIOUS LAWYERS , YOU WILL ALL BE QUICK TO TELL ME THAT UNDER NO CIRCUMSTANCES SHOULD CARGO BE RELEASED WITHOUT THE ORIGINAL BILLS OF LADING BEING AVAILABLE OR WITHOUT A FULL GUARANTEE FOR ONE AND A HALF TIMES THE VALUE OF THE CARGO FROM A FIRST CLASS BANK.

LET ME TELL YOU - IT ISN'T THAT EASY.

TRY TELLING THAT TO THE CHINESE - OR THE ALGERIANS- OR THE RUMANIANS - OR THE RUSSIANS, PAKISTANIS OR IRANIANS TO NAME JUST A FEW.

IF YOU GET PAST THAT LITTLE DIFFICULTY - PLEASE TELL ME WHAT IS A "FIRST CLASS" BANK - IS IT THE BANK OF INDONESIA OR THE BANK OF THE MALAGASY REPUBLIC ?

I RECALL JAYA PRAKASH ONCE TELLING ME THAT THERE WERE ONLY THREE OR FOUR BANKS IN THE WHOLE BANKING COMMUNITY OF SINGAPORE THAT HE WOULD CONSIDER "FIRST CLASS" IN TERMS OF A BANK GUARANTEE !

SO WHAT IS THE SOLUTION ?

THE FIRST THING AN OWNER MUST DO IS TO ENDEAVOUR TO FIND OUT WHO EXACTLY IS THE HOLDER OF THE BILL OF LADING WITH THE BEST TITLE TO THE CARGO AT ALL RELEVANT TIMES FROM SHIPMENT TO DISCHARGE - IS IT THE "SHIPPER" AT FIRST - THEN THE "BUYER", WHO MAY VERY WELL BE A TRADER WHO RESELLS THE CARGO TO ANOTHER PARTY WHILST THE CARGO IS ON THE HIGH SEAS AND WHICH MAY WELL BE ONSOLD A COUPLE OF TIMES MORE BEFORE WINDING UP IN THE HANDS OF THE TRUE "RECEIVER"?

A CLASSIC EXAMPLE OF THIS TYPE OF PROBLEM WAS THAT OF "THE EASTERN PRIDE " A FEW YEARS AGO.

CHINESE/MALYAYSIAN PALM OIL TRADERS WERE IN THE PRACTICE OF BUYING PARCELS OF PALM OIL FROM VARIOUS REFINERIES IN MALAYA -EITHER DIRECT OR BY "STRING" TRADES, FOR ONSALE AS A TOTAL PARCEL TO A THIRD PARTY - USUALLY ONE OR MORE BUYERS IN INDIA.

AS THE PASSAGE OF LETTERS OF CREDIT AND EXCHANGE OF BILLS OF LADING WITH INDIA IS NOTORIOUSLY SLOW - IN AN EFFORT TO SPEED UP THE PROCESS -THE "TRADERS" AS CHARTERERS PREVAILED ON THE SHIP OWNER TO ISSUE WHAT WAS TERMED "GLOBAL" BILLS OF LADING.

IN EFFECT - THE SHIPOWNER -HAVING ISSUED A NUMBER OF BILLS TO THE DIFFERENT SHIPPERS IN RESPECT OF EACH PARCEL OF PALMOIL LOADED WOULD THEN BE PREVAILED UPON TO ISSUE ANOTHER BILL OF LADING -COMPRISING THE AGGREGATE OF ALL PARCELS LOADED- TO THE "TRADER/CHARTERER" WHO WOULD THEN COMMENCE TO NEGOTIATE THIS "GLOBAL" BILL WITH THE INDIAN BUYERS. UPON SUCCESSFUL NEGOTIATION HE WOULD THEN HAVE FUNDS AVAILABLE TO MEET HIS BUYING COMMITMENTS TO THE VARIOUS SHIPPERS.

THIS WAS ALL VERY WELL UNTIL ONE OF THESE TRADERS GOT INTO SEVERE FINANCIAL DIFFICULTIES AND USED THE FUNDS OBTAINED BY NEGOTIATION OF THE SECOND - "GLOBAL" -BILL OF LADING TO REDUCE HIS OWN BANK LIABILITY BEFORE GOING BUST. THE PALM OIL SHIPPERS -STILL HOLDING THEIR ORIGINAL BILLS AND BEING UNPAID - TURNED ON THE SHIPOWNER FOR RECOVERY. HE LOST HIS SHIP !

The Ocean Ventures (1986)

non-delivery until production of original bill of lading

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HAVING SPENT SOME TIME TRACKING DOWN THE CHAIN OF PARTIES THE OWNER MUST OBTAIN CLEAR AND SPECIFIC INSTRUCTIONS FROM THAT PARTY - IT COULD BE THAT THE CARGO MAY BE ABLE TO BE DISCHARGED INTO SUITABLE BONDED STORAGE AND DELIVERY ORDERS WITHHELD UNTIL THE ORIGINAL BILLS ARE PRESENTED.

IT COULD EQUALLY WELL BE THAT THE SHIP REFUSES TO COMMENCE DISCHARGE - AND INSTEAD ACCRUES LAYTIME OR DEMURRAGE UNTIL THE BILLS BECOME AVAILABLE.

ON SOME OCCASIONS OWNERS ARE INSTRUCTED TO RELEASE CARGO AGAINST A FULL BANK GUARANTEE OR A SIMPLE GUARANTEE IN P AND I FORM FROM THE RECEIVERS - IN ANY CASE, NOTHING SHOULD BE DONE WITHOUT VERY CLEAR INSTRUCTIONS FROM THE BEST AVAILABLE SOURCE.

LET US NOW ASSUME THAT ALL THAT CAN BE DONE -HAS BEEN DONE AND THE CARGO IS BEING DISCHARGED AGAINST THE ORIGINAL BILLS WHICH HAVE BEEN DULY PRESENTED TO OUR APPOINTED AGENT AND DELIVERY ORDERS HAVE BEEN ISSUED FOR RELEASE.

DISCHARGING THE CARGO

DELIVERY WILL BE ATTENDED BY SURVEYORS APPOINTED BY THE RECEIVERS AND, IN MANY CASES, OTHER SURVEYORS APPOINTED ON BEHALF OF OWNERS.

THEY HAVE VERY CLEAR DUTIES - IN CONJUNCTION WITH THE CHIEF OFFICER, THEY MUST SAMPLE - AND SOUND, EACH TANK IN ORDER TO CALCULATE THE ULLAGE SPACES AND FROM THE SHIPS CALIBRATION TABLES TO DETERMINE AND AGREE ON THE QUANTITY AND CONDITION

OF THE CARGO ONBOARD ON ARRIVAL AND PRIOR TO DISCHARGE.

PUMP STRAINERS AND ALL SHIP AND SHORE LINES WILL BE CHECKED FOR DRYNESS AND CLEANLINESS BEFORE DISCHARGE COMMENCES.

AT THE CONCLUSION OF DISCHARGE , SURVEYORS MUST CHECK EACH OF THE RELEVANT TANKS TO ENSURE COMPLTE DISCHARGE OF ALL CARGO, AT WHICH TIME THEY WILL ISSUE A DRY TANK CERTIFICATE CERTIFYING THE FULL DISCHARGE OF CARGO.

ALL THAT NOW REMAINS TO BE DONE IS TO CALCULATE THE LAYTIME USED AGAINST THAT AMOUNT ALLOWED IN THE RELEVANT CHARTER PARTY AND TO ASSESS WHAT DEMURRAGE IS APPLICABLE.

DEMURRAGE

IN THE VIEWS OF ALL CHARTERERS - DEMURRAGE IS A DIRTY WORD. AND THE THOUGHT THAT LIABILITY MAY ACTUALLY ATTACH IS GENERALLY FURTHEST FROM THE MINDS OF BUYERS OR SELLERS OF CARGO AT THE TIME OF MAKING THEIR TRANSACTION. THE CHARTERING PEOPLE DONT CARE MUCH FOR IT, AND BROKERS LOSE INTEREST IN ONCE THEY HAVE CONCLUDED THE FIXTURE AND MOVED ON TO THE NEXT ONE.

LIABILITY FOR DEMURRAGE IS A CONTENTIOUS ISSUE AND ONE WOULD GUESS, TAKES UP MORE TIME IN THE LEGAL PROCESS THAN ANY OTHER SINGLE CHARTERPARTY DISPUTE.

IT IS NOT MADE EASY OWING TO THE SUBSTANTIAL DIFFERENCES EXISTING FROM ONE FORM OF CHARTERPARTY TO THE NEXT.

IN BROAD TERMS, LAYTIME MAY BE CONSIDERED TO COMMENCE FROM A TIME CALCULATED FROM SIX HOURS AFTER ARRIVAL AND TENDERING OF NOTICE OF READINESS - OR BERTHING - WHICHEVER FIRST OCCURS AND WILL RUN, WITH VERY FEW EXCEPTIONS, UNTIL THAT TIME WHERE HOSES ARE DISCONNECTED.

DEMURRAGE MAY BE LIKENED TO THE "WAITING TIME " METER OF A TAXI - AND IS CALCULATED ON A PER DAY PRO RATA BASIS AT AN AGREED DAILY RATE.

UNLIKE CONTAINER SHIPS ON CONFERENCE LINE ROUTES WHERE MOST CARGOES ARE FIXED ON "LINER TERMS" - DEMURRAGE IS AN INTEGRAL PART OF THE BULK LIQUID PARCEL TRADE.

THERE ARE OF COURSE MANY VARIETIES OF "EXCEPTIONS OR EXCLUSIONS" FROM DEMURRAGE CALCULATION DEPENDING AGAIN ON THE FORMAT OF THE SUBJECT CHARTERPARTY.

AS FAST AS ONE SET OF LAWYERS AND/OR INTEREST GROUPS DRAW UP A NEW FORMAT OF A CHARTERPARTY , THERE IS ANOTHER GROUP THAT WILL IMMEDIATELY LOOK FOR THE LOOPHOLES.

AT THE END OF THE DAY THERE ARE THREE CHOICES IN RELATION TO DEMURRAGE:-

- 1- SETTLEMENT BY RESOLUTION OR NEGOTIATION
- 2-ACTION FOR RECOVERY BY ARBITRATION OR LEGAL PROCESS
- 3-REFERENCE TO INTERTANKO FOR INTERCESSION AND/OR
PUBLICATION OF THE CHARTERER AS A DEFAULTING DEBTOR.