

## UNIT TWELVE

### **CHARTER PARTIES (I)**

A charter party is a document of contract by which a shipowner agrees to lease, and the charterer agrees to hire, a vessel or all the cargo space, or a part of it, on terms and conditions forth in the charter party. If permitted to do so by the terms of charter party, the charterer may enter into subcontracts with other shippers.

The main types of charter parties are Bareboat Charter Party (sometimes called a Demise Charter). Time Charter Party and Voyage Charter Party.

If your vessel is chartered it is of the utmost importance that you read the charter party carefully, especially the added clauses, until it is thoroughly understood. It is advisable to have the officers read it as a matter of information and instruction and it will do no harm to discuss it with them, especially with the chief officer.

The important clauses should be check-marked for quick reference. If any refer to dates of the notification of ETA to consignee or charterer's agent, make a note of the day the message is to be sent and be sure to send it.

**Bareboat Charter Party.** By this type of charter, the shipowner leases his entire vessel and the charterer has the responsibility of operating it as though it were his own vessel. As the name implies, the bare vessel is chartered. The shipowner has, for the period covered by the charter party, lost control of his vessel. The charterer pays all expenses: fuel, stores, provisions, harbour dues, pilotage, etc. and employs and pays the crew. There may, however, be a clause in the charter party that the master and the chief engineer must be approved by the shipowner. The charterer is responsible for the upkeep, preservation and safety of the vessel. Before delivery to the charterer the vessel is surveyed by representatives of both parties and the same is done on redelivery. The charter party will stipulate that the vessel must be redelivered in the same good order and condition as when delivered, ordinary wear and tear excepted. On redelivery the owner's representatives, usually the port captain and port engineer, may check the logbooks for information pertaining to groundings, striking objects and collisions.

Fuel oil in the vessel on delivery is paid for by the charterer - at the current price at the port at that time, and on redelivery, the shipowner pays for the fuel in the vessel at the current price in the port at the time.

**Voyage Charter Party.** This is a charter party for the carriage of a full cargo, not for a period of time, but at a stipulated rate per ton, for one voyage only, between named ports to be named on arrival in a given area. It is a frequently used charter party of which there are many varieties, and most commodities and trades have a particular type to suit their purposes. Shippers of large quantities of bulk cargo such as phosphate, coal, grain, etc., have charter parties with special titles such as "Fosfo", "Americanized Welch Coal Charter Party", "Baltimore Grain Charter Party", etc.

In a voyage charter party the charterer assumes no responsibility for the operation of the vessel but generally pays stevedoring expenses in and out. A statement to that effect will be included in the charter party.

The master is particularly concerned with voyage charter parties because of the laytime, dispatch and demurrage clauses and the necessity of tendering the Notice of Readiness to load or discharge. In this type of charter the charterer contracts to provide a cargo at a given rate per day. The charter is generally for bulk cargo, stipulated in tons or cubic feet, for all or part of the carrying capacity of the vessel.

**Laydays.** When the vessel on a voyage chart is in port, the expenses of the shipowner continue. At the same time loading or discharging is controlled by the charterer, who if not held to a definite number of days to complete this work, can make the stay in port long and expensive for the shipowner. For this reason, the charter party will specify a definite number of days for loading or discharging cargo; or it may specify a certain number of tons per day to be loaded or discharged.

The days are called laydays (or laytime) and are stipulated in the charter party as working days, weather working days, running days and excepted days.

If the charterer loads or discharges his cargo in less time than the number of laydays allowed, he earns dispatch money at so much a day or part of a day saved. If he takes longer to load or discharge than the number of laydays allowed, he must pay demurrage at so much a day. Both dispatch and demurrage may be the cause of much disagreement and argument in which the vessel's logbook can play an important part.

**Demurrage.** An equally important clause is the demurrage clause which states that if the charterer does not complete loading or discharging in the laydays allowed by the charter party, he must pay for the delay at the stipulated sum per day. Unless otherwise provided in the charter party, demurrage starts from the time loading or discharging should have been completed. All days are counted, whether or not cargo is worked, including Sundays, holidays and days not worked due to bad weather or other reasons. Once a vessel is on demurrage, it runs consecutively unless otherwise provided in the charter party.

## EXERCISES

### I COMPREHENSION AND VOCABULARY

1. **Complete** the following sentences with the words in brackets: (EXPENSES, DEMISE, APPOINTS, BARRATRY, VOYAGE CHARTER, TRAMP, EXEMPTION, SALVAGE, LIABILITY, DISCHARGES, DEVIATION, CHARTERER, VESSEL, SHIPOWNER, DEMURRAGE, DESPATCH MONEY, PAID, OWNER, REPAIR)

1. Under a \_\_\_\_\_ or Bareboat Charter party the \_\_\_\_\_ is responsible for providing the cargo and crew, whilst the \_\_\_\_\_ only provides the vessel. As a result the charterer the crew and takes full responsibility for the operation of the \_\_\_\_\_, and pays all the \_\_\_\_\_ incurred.
2. If a ship loads and/or \_\_\_\_\_ in less than the prescribed time, the Owners pay a \_\_\_\_\_ as a reward for the time saved.
3. If, on the other hand, the prescribed time is exceeded, then \_\_\_\_\_ must be paid at an agreed rate to the \_\_\_\_\_ as compensation for the delay of the ship.
4. Charterer's \_\_\_\_\_ ceases after the cargo has been loaded and when the freight, dead freight or demurrage has been \_\_\_\_\_.
5. In the \_\_\_\_\_ the shipowner agrees to carry cargo between specified ports at a prearranged freight.
6. The majority of \_\_\_\_\_ cargo shipments are made on a voyage charter basis.
7. The \_\_\_\_\_ and Salvage Clause permits the vessel to put into a port of refuge in order to save life and property and also for the purpose of \_\_\_\_\_.
8. \_\_\_\_\_ from liability clause includes the occurrences where the shipowner claim exemption and includes - a wilful wrongdoing of the Master without noticing the Owners.

**2. A voyage C/P contains a number of clauses, whose name are usually written on the margin. Give the title of each clause for each example below :**

	Name of Clause
1. The money paid by Owners to the Charterer for time saved in the loading and discharging.	
2. The number of days or hours allowed by the Charterer for loading or discharge.	
3. A clause governing the nature and time of the liability of the Charterer for loading.	
4. The right of the Shipowner to hold the cargo to secure the payment of the freight or hire.	
5. Rate payable by the Owner if the agreed time for loading has been exceeded, as compensation for the delay of the ship.	
6. Claim of the Owners releasing themselves from responsibility in case of barratry, capture or seizure, and perils of the sea.	
7. Clause giving or refusing permission for sub-chartering the ship.	

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## II GRAMMAR

1. Word Formation. Adjectives are formed from nouns and verbs by the endings listed in the table.

Suffix	Example	Meaning
-al	additional	
-ar	polar	<i>have the quality of</i>
-ic	economic	
-ical	astronomical	
-able	advisable	
-ible	visible	<i>capable of being</i>
-ous	bulbous	<i>like, full of</i>
-ful	careful	<i>characterised by</i>
-less	careless	<i>without</i>
-ed	chartered	<i>having</i>
-ive	effective	<i>quality of</i>
-ing	processing	<i>make or do</i>

**Form adjectives from the following words: *navigation, submerge, comfort, economy, pay, infect, danger, operate, success, navigate, sail, plot, reduce, rely.***

Suffix	adjective
-al	
-ar	
-ic	
-ical	
-able	
-ible	
-ous	
-ful	
-less	
-ed	
-ive	
-ing	

**2. Word Forms. Supply the right form of the word in brackets:**  
*(advice, advise, advisable; pay, payment, payable; note, notify, notification)*

1. Please \_\_\_\_\_ that the Clause No. 15 has been changed.
2. \_\_\_\_\_ is to be effected before shipment.
3. The freight is \_\_\_\_\_ in domestic currency only.
4. The master has to send a \_\_\_\_\_ at least 48 hours before arrival.
5. Everybody has been \_\_\_\_\_ of the delay.
6. Please \_\_\_\_\_ us as to the way of payment.
7. It is \_\_\_\_\_ to have the cargo checked and surveyed before delivery.
8. Freight is to be \_\_\_\_\_ on delivery.
9. Your \_\_\_\_\_ on the matter will be much appreciated.

**3. Consider the pair of sentences below and their translation, in particular the use of tenses in English and Croatian:**

*(a) Under a demise C/P the charterer operates the ship as though it were his own vessel.*

*(a1) U ugovoru o najmu čitavog broda naručitelj prijevoza (čarterer) upravlja brodom kao da je to njegov vlastiti brod.*

*(b) The master behaves as if he had not been involved in the accident.*

*(b1) Zapovjednik se ponaša kao da nije sudjelovao u nezgodi.*

**Translate the following sentences into English:**

1. Ponaša se kao da je to njegov brod.

1a \_\_\_\_\_

2. Djeluje kao da nije vidio ništa.

2a \_\_\_\_\_

3. On govori o čarteru kao da ga je sam sklopio (sign).

3a \_\_\_\_\_

4. Ponaša se kao da poznaje zapovjednika.

4a \_\_\_\_\_

### III TRANSLATION

1. U smislu (under) ovog C/P brod će povoljnom (convenient) brzinom isploviti (proceed) za luku Tubarao, gdje će po nalogu krcatelja/agenta ukrcati 120.000 tona željezne rudače, i isploviti za luku Bakar i tamo isporučiti robu prema uputstvima (as directed) primaoca.
2. Primaocu se mora poslati pismena obavijest, za vrijeme radnog vremena, da je brod spreman za iskrcaj.
3. Vozarina se ima platiti u iznosu od ... po toni, što uključuje korištenje plovni putova i svjetala, trimovanje i sve druge pristojbe.
4. Krcatelj će u luci ukrcaja broda dati (advance) zapovjedniku broda dovoljno gotovine za redovne troškove broda, a nakon putovanja predat će se troškovi otpreme (disbursements account).
5. Teret će se ukrcavati kapacitetom (rate) od 30.000 tona na dan, a iskrcavati kapacitetom od 20.000 tona/po radnom danu od 24 kontinuirana sata, nedjelje i praznici se uvijek izuzimaju.
6. Vrijeme za ukrcaj početak će u 06.30 nakon što brod objavi da je spreman i da ima "slobodan saobraćaj" (bez obzira da li je na vezu ili ne).
7. Prekostonice se obračunavaju u iznosu od ... po toni na dan, ali ne manje od ... US \$ na dan.
8. Sve vrste havarija u smislu ovog ugovora uredit će se (settle) u skladu s York-Antwerpskim rasilima 1974.
9. Zapovjednik je dužan telefonski obavijestiti Naručitelja, kao i njegovog agenta u luci iskrcaja. U slučaju da mora skrenuti u bilo koju luku.
10. Sve odgovornosti Naručitelja prestaju (cease) po završetku ukrcaja i plaćanja avansa (advance); brodar ima pravo zaloga na teret za vozarinu, mrtvu vozarinu i dangubu.
11. Po predaji tereta Naručitelju pripada provizija (commission) u iznosu od 5% na ukupan iznos (gross amount) vozarine.
12. Ako zbog zakrčenosti u luci iskrcaja brod mora čekati van luke (off port), stonice će početi (start to count) u skladu s klauzulom 6, ali tek 36 sati nakon dolaska.

#### IV GUIDED WRITING

Write a brief account of the Voyage C/P following the notes given below:

- definition as compared to the time C/P
- forms of the C/P
- major cargoes carried
- charterer's responsibilities
- owner's responsibilities
- master's duties - Notice of Readiness
- laydays, demurrage, dispatch money

#### QUESTIONS

1. What is a charter party?
2. Who makes parties to a C/P?
3. What are the main types of charter parties?
4. What is the duty of the master or officers when about to sail under a C/P?
5. How does the charterer operate the ship under a bareboat C/P?
6. What are the duties and liabilities of the charterer under a bareboat C/P?
7. What is another term for a bareboat C/P?
8. What are the duties and liabilities of the owner and charterer under a voyage C/P?
9. What is the Master particularly concerned with in voyage C/P?
10. What are laydays?
11. How are laydays stipulated in the C/P?
12. When does demurrage start?