

TANKER CHARTERING

MAM007

COURSE DESCRIPTION

This course examines legal issues in tanker chartering. A key feature of the course is case studies run as mock arbitrations, these serve as a practical way of highlighting key issues and recent case law. One of the most popular sea transportation methods is to “charter” a tanker. A charter is somewhat similar to renting or leasing an apartment or a house. There are two basic types of charters, called charter parties. They are a voyage (or spot) and a time charter. The selection of the method of transportation is solely based on the cost of transportation and the availability of tankers.

COURSE GOAL

To enhance the participants' knowledge, skills and abilities necessary to understand the tanker chartering.

COURSE OBJECTIVES

By the end of the course, participants will be able to:

- Understand the basic procedures involved in the extraction of crude oil, of oil refining and its products and by products.
- Understand the nature of chemical cargoes and special vessel requirements.
- Understand the commercial requirement for parcel cargoes and specialist role of parcel carriers.
- Be aware of vessels used, cargo tank types.
- Understand the impact of seasonal climate, weather and physical restrictions in the main oil producing areas.
- Understand the structure of and typical locations of offshore loading and discharging facilities and customary abbreviations.
- Understand the implications for the tanker trades and the practical effects of environmental protection and pollution liability legislation.
- Understand the structure of the International Tanker Chartering Market and the relative importance of the major market centers.
- Understand the role of the Broker and its relationship to the principals as an agent.
- Understand the structure and content of market reports and market indices.
- Understand the nature and impact of external factors affecting the market.
- Understand the role and function of international organisations relevant to the tanker trades.
- Understand the impact of e-commerce on market practice.

- Understand the importance and proper use of additional clauses and addenda.
- Be familiar with the common standard oil company additional clauses.
- Understand the concept of Bareboat chartering and be aware of the main charter party terms.
- Understand the role of the bill of lading in charter parties.
- Understand the details required to quote a new order and the procedure of negotiations.
- Understand the legal, tactical and ethical requirements of the market and the avoidance of conflicts between them.
- Understand how to calculate freight and hire and the time when payment is due.
- 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.
- 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.
- Thoroughly understand the importance of the clarity of notice of readiness clauses.
- 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 the application of the pumping warranty.
- Prepare the Statement of Facts and the Laytime Statement.
- Understand the structure of Worldscale and be familiar with its main features and use in all calculations.
- Understand the charter party clauses for the resolution of disputes.

WHO SHOULD ATTEND

- Who are interested in ships and cargoes and the Tanker industry.
- Employees in:
 - The supply, trading and risk management departments in oil, gas and petrochemical companies
 - The commercial and operations departments in the shipping affiliates or divisions of oil companies
 - The commercial and operations departments of ship owning companies

- The planning and financial departments of shipping companies and oil company transportation divisions, banks and financial institutions involved in oil tanker, gas and chemical carrier finance, accountants
- Legal firms dealing with energy transportation issues, oil trading and distribution companies and management new to the transportation sector.

COURSE DURATION

5 Working Days

COURSE OUTLINES

1. Ships and Cargoes

- Basic Procedures Involved in the Extraction of Crude Oil, of Oil Refining and its Products and by Products.
- Basic Constructional Details and Approximate Tonnages and Dimensions of Vessels Employed in the Tanker Trades.
- Capacity and General Arrangement Plans.
- Vessel Systems
- Crude Oil
- Main Petroleum Products
- Different Types of Cargoes and Special Requirements
- Commercial Requirement for Parcel Cargoes and Specialist Role of Parcel Carriers.
- Liquid Natural Gas (LNG) and Liquid Petroleum Gas (LPG).
- Ship Classification.

2. The Trades

- The Essential Geography of the Tanker Trades and the Cyclical Nature of the Oil Markets.
- Seasonal Climate, Weather and Physical Restrictions.
- Locations of Production Areas, Refineries, Pipelines and Oil Terminals and the Routes Used for the Movement of Products, Chemicals and Gas Cargoes.
- Locations of Offshore Loading and Discharging Facilities
- Customary Abbreviations
- Tanker Trades and Environmental Protection and Pollution Liability Legislation.

3. Freight Markets

- Market Practitioners
- International Tanker Chartering Market and the Relative Importance of the Major Market Centers.

- The Role of the Broker.
- Different Methods of Communications.
- Structure and Content of Market Reports and Market Indices.
- The Nature and Impact of External Factors Affecting the Market.
- The Role and Function of International Organisations
- E-Commerce and Market Practice.

4. Contracts

- Charter Party Forms.
- Voyage and Time Charters.
- The Use of Standards Forms of Voyage and Time Charter Parties and their Suitability to Different Trades.
- Additional Clauses and Addenda.
- Common Standard Oil Company Additional Clauses.
- Individual Rights Responsibilities and Liabilities of Owners, Charterers and Brokers that Arise under the Charter Party.
- Consecutive Voyage Contracts and Contracts of Affreightment .
- Bareboat Chartering.

5. Bill of Lading

- The Role of the Bill of Lading in Charter Parties.
- Delivery of Cargo Against Bills of Lading.
- Bills of Lading Problems.

6. Chartering Market Practice

- Quoting a new order and the procedure of negotiations.
- Offers for both Voyage and Time Charters.
- The Legal, Tactical and Ethical Requirements of the Market.
- The Broker's Responsibility to the Principal and the Circumstances under which Breach of Warranty of Authority Might Arise.
- Professional Negligence and Indemnity Insurance for Brokers.

7. The Financial Elements of Charter Parties

- Freight and Hire Calculations and the Time when Payment is Due.
- Additional Payments Due under Charter Parties and the Appropriate Clauses.
- Time Charters and Performance Claims and the Nature of Off-Hire Events.
- Clauses of Delivery, Final Voyage and Re-delivery.

- Commissions and Brokerage Calculation and who is Responsible for Payment.
- Freight Market Derivatives as a Hedging Tool.

8. Laytime

- The Procedure for Tendering a Valid NOR and Common Problems Relating to Acceptance.
- Laytime Commencement Point and the Circumstances under which Laytime may be Interrupted and/or Excluded.
- Pumping Warranty.
- Statement of Facts and Laytime Statement.
- Laytime Calculation.
- Time-Bar and Tanker Demurrage Claims.

9. Calculations

- The Structure of Worldscale, Its Main Features and Freight Calculation.
- The Owner's and Disponent Owner's Cost Base.
- Voyage Estimation.
- Alternative Routes, Alternative Voyages and Compare Voyage with Time.
- Calculation of Ballast Bonus in Time Charters.

10. General

- The Charter Party Clauses for The Resolution Of Disputes
- The BIMCO Arbitration Clause.
- The Commercial Courts, Arbitration and Alternative Dispute Resolution (ADR).
- Ship Owners' P&I Associations and Their Role in the Context of Cargo Claims
- Intermediaries' P&I Associations and, the Classes of Cover Offered to Brokers and Agents.
- Keeping Full and Proper Records to Assist in Dispute Resolution.

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