



RISK ASSOCIATED WITH CHARTERING A VESSEL/SIGNING A CHARTER AGREEMENT

Discussion by :

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AGENDA

- **BACKGROUND**
- **ASSOCIATED RISKS**
- **CASE STUDY**
- **OPEN DISCUSSION**



BACKGROUND

DDU/DDP TERMS ARE OFTEN CONTRACTED

- Local Transport Risk
- Local Handling Risk
- Heavy Lift Vessel Availability
- Unloading & Monitoring the cargo in a foreign land.

LONG DURATION CONTRACTS

- Execution after 18 to 24 months.
- Honoring the contractual obligation.
- Duration of sailing – Direct sailing/Vessel shall stop to pick up additional cargo at some other ports.

CHANGES IN DESCRIPTION/DRAWINGS & DELIVERIES

- Lay can dates
- Change in Volume



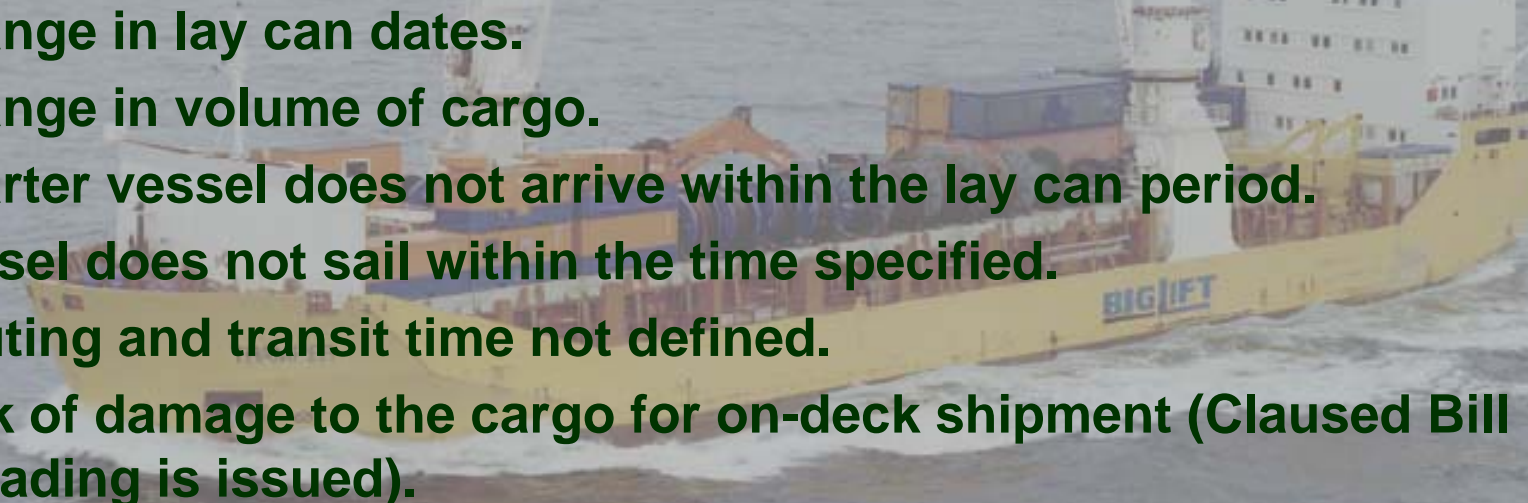
ASSOCIATED RISKS

RISKS PRIOR TO CONTRACT

Fixation of lay can days, Freight Charges, vessel detention amount, Port of Loading, Port of Discharge.

- Contractual amendment risks if there is a change in lay can dates, change in volume, change in loading at port or loading at anchorage.

POST CONTRACTUAL RISKS

- Change in lay can dates.
 - Change in volume of cargo.
 - Charter vessel does not arrive within the lay can period.
 - Vessel does not sail within the time specified.
 - Routing and transit time not defined.
 - Risk of damage to the cargo for on-deck shipment (Claused Bill of Lading is issued).
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- A large container ship, likely a Bigift vessel, is shown at sea. The ship is yellow and white, with "BIGIFT" written on the side. It is carrying several containers on its deck. The ship is moving through the water, and the background is a clear sky.

CASE STUDY

Principal to Principal contractual obligations by Merchant with a Logistic company 'X'.

Company 'X' goes inter-alia into contract with Company 'Y' also known to the Merchant.

Lay can is fixed, amount negotiated, cargo volume fixed, details of cargo discussed and all terms are acceptable.

However, the booking note was not yet signed.

Booking note to be signed between logistic company 'X' and 'Y' (Y is the Carrier).

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CASE STUDY

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Lay can subsequently changed by Merchant, based on changes requested by the customer.

Merchant Confirms that the booking note is not signed by the logistic company and therefore requests for the changes.

Simultaneously the logistic company request for changes in lay can dates with the carrier.

Carrier refuses to change lay can dates as his ship is not available during the changed lay can dates.

The Big question therefore remain whether the carrier can legally sue the forwarder even if the booking note is not signed for a change in lay can dates.

Open Discussion.

