

# Practical Dry Cargo Chartering

London  
21-24 October 2024

*Organised by*



*Cambridge Academy of Transport*



## Cambridge Academy of Transport

### Registration Form

# PRACTICAL DRY-CARGO CHARTERING

21-24 OCTOBER 2024

To register, please complete this form and send it by email to Tulika Singh at the address given below.

<b>PARTICIPANT 1:</b>	Title _____	First name(s) _____
	Family name _____	
	Company position _____	
<b>PARTICIPANT 2:</b>	Title _____	First name(s) _____
	Family name _____	
	Company position _____	
<b>PARTICIPANT 3:</b>	Title _____	First name(s) _____
	Family name _____	
	Company position _____	
Company name _____		
Address _____		
_____		
Nature of business: _____		
Tel: _____ Fax: _____		
E-mail: _____		

Enclosed is a cheque     Please invoice my Company     I wish to pay by Credit Card (details below)

**Course Fees:** The fee of **£3,120** includes tuition, lunch each day, refreshment breaks, full documentation and UK Value Added Tax. Payment can be made by cheque, bankers draft or inter-bank transfer. Cheques should be made payable to Cambridge Academy of Transport in Sterling drawn on a Bank in the United Kingdom. Our Bank details are:

**Barclays Bank Plc, 28 Chesterton Road, Cambridge CB4 3AZ, UK**  
**Account Number: 60224553                      Sort Code: 20-17-35**  
**IBAN: GB32 BUKB 2017 3560 2245 53                      SWIFTBIC: BUKBGB22**

Alternatively you can pay by credit card. We accept Visa, MasterCard and American Express. Please complete the details below:

Credit Card Type:	<input type="text"/>	Expiry Date:	<input type="text"/>
Card Number:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cardholders Name:	<input type="text"/>		
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**Return this form to:**

**Tulika Singh, Course Organiser**  
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# Course Programme

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**Practical Dry-Cargo Chartering**  
**21-24 October 2024**  
**London**

**Course Leader**  
**Dr John M Doviak · Managing Director · Cambridge Academy of Transport Ltd**

## **INTRODUCTION**

**Monday**  
**21 October**

### **Welcome & Seminar Introduction**

**0915-0930**

This session will describe the shape of the programme and demonstrate how it will relate to a sequence of practical chartering decisions and problems. During the presentation it will be emphasised that the course is intended to be a dialogue making maximum use of the experience of lecturers and participants alike.

### **Contractual Relationships and Types of Charter Parties**

**Session 1**  
**0930-1015**

This session will examine how the chartering markets work and concentrate on the day-to-day activities of a chartering broker. It will review the services he provides for his principals and how he proceeds to assist in the negotiations which eventually result in a fixture and the drawing up of a charter party. A brief look will also be taken at the way the Baltic Exchange operates and how the unique character of the Baltic has evolved over the years to offer, today, a range of facilities complementing its traditional role as a freight market. The IRA bomb which destroyed the Baltic Exchange building has caused a rethink of what future role the Baltic should play in the industry and what facilities should be available to its members. With the recent purchase of the Exchange by the Singapore Exchange Limited, the drive for innovative ways that the Baltic Exchange can serve its members and the shipping community generally will no doubt be exercised with vigour

### **What a Charterer Looks for in a Deal**

**Session 2**  
**1030-1200**

One of the most difficult tasks any broker or chartering manager undertakes is negotiating a fixture. The various markets have unique characteristics which lead to phrases and terminology which would only apply in these trades. Therefore anyone involved in fixing ships needs to be not only familiar with the relevant market terminology but also knowledgeable in the practice of the trade. During this session, participants will learn some of the "jargon" which abounds in the world of chartering and which makes the negotiation of the charter party both exciting and risky.

## **MARKET FACTORS**

### **Dry Cargo Market: Demand Factors**

**Session 3**  
**1200-1245**

This session and the next will look at what the dry-bulk market comprises, subdividing it into size, commodity and voyage trading pattern groups. The economic benefits of combining trades both from the owners' and charterers' view will be explained.

The operation of the market will be analysed and the costs and earnings explored. The present freight market situation will be reviewed and the possibility of rate improvements in the near term will be considered.. Finally, some thoughts regarding the likely development of demand in the future will be presented.

### **Dry Cargo Market (*Continued*): Supply Factors**

**Session 4**  
**1345-1430**

### **THE LAW**

### **Legal Principles of Charter Parties and Bills of Lading**

**Session 5**  
**1430-1545**

The law has a significant bearing on many aspects of shipping generally and the chartering business specifically. These two lectures will discuss the legal implication of the following:

1. Charter Parties: Voyage and Time
  - A breakdown and explanation of the important clauses, both for dry cargo and tankers
  - The division of responsibilities
  - A brief look at laytime
2. Bills of Lading
  - Their various functions
  - Risks and complications
  - Fraud

### **Legal Principles of Charter Parties and Bills of Lading (*Continued*)**

**Session 6**  
**1600-1730**

**Tuesday**  
**22 October**

### **Negotiating Charter Parties**

**Session 7**  
**0900-1030**

One of the most difficult tasks any broker or chartering manager undertakes is negotiating a fixture. The various markets have unique characteristics which lead to phrases and terminology which would only apply in these trades. Therefore anyone involved in fixing ships needs to be not only familiar with the relevant market terminology but also knowledgeable in the practice of the trade. During this session, participants will learn some of the "jargon" which abounds in the world of chartering and which makes the negotiation of the charter party both exciting and risky.

### **Workshop 1: Negotiating Dry Cargo Charters**

**Session 8**  
**1045-1230**

During this first of several workshops, participants will be given an opportunity to practise their negotiating skills on a typical chartering exercise. Some of the problems which emerge will be looked at in more detail in a later session.

### **Forward Freight Agreements**

**Session 9**  
**1330-1430**

This session will give each student an overall understanding of the theory, the terminology and the practical trading of Forward Freight Agreements (FFAs).

Ship Owners and Charterers face many different types of risk, one being the volatility of the freight market. Traditionally this risk was covered by booking physical cover for forward dates, an efficient but not a very flexible solution. During the past two decades a number of financial instruments have been introduced to the international shipping industry, specifically FFAs and Futures. Freight Futures were traded on the Baltic International Freight Futures Exchange, but these have now been completely displaced by the FFA contracts. BIFFEX closed its doors to business in the early part of the 2000s.

This session will consider the freight risk exposure and elaborate on the following:

- Derivatives in general
- What are Shipping Derivatives - FFAs and Options
- Reasons for using derivatives

To help in understanding how these tools can be applied in the day-to-day running of a shipping company, several practical examples will be provided.

**Workshop 2: Evaluating and Selecting Ships and Cargoes** **Session 10**  
**1445-1530**

The purpose of this workshop is twofold. Firstly, it will give an insight into the way that chartering markets work and, secondly, it will allow participants to meet and discover a little more about each other at an early stage in the course.

The task that each individual will be set is relatively simple and there are no tricks. Each participant will be given either unique vessels (Shipowners) or unique cargoes (Charterers) and it will be his/her task to find the matching cargo or vessel during the session. For every ship in the market, there is one ideal cargo; for every cargo, one ideal ship.

**Workshop 3: Factors to Consider in Evaluating Chartering Alternatives** **Session 11**  
**1545-1630**

The previous Workshop will have introduced several key factors to take into account when evaluating the suitability of a ship or cargo. Included amongst these key factors are: vessel cubic capacity versus cargo stowage factor; vessel deadweight versus cargo on offer; cargo laydays/cancelling versus vessel ballast voyage from previous discharge port; and ballast versus laden distances for intended cargo.

While each of these is crucial in the decision making process, they are not the only factors that the chartering broker must consider. This Workshop will extend the list of factors to give a more comprehensive analysis of the challenges a broker must face with each fixture.

## **VOYAGE ESTIMATING**

**Voyage Estimating Principles** **Session 12**  
**1630-1730**

In order for shipowners to achieve their determined earnings requirement, it is crucial that each voyage must be analysed for cost effectiveness and profitable return.

This session will go through such a calculation step by step and show how the final result (the Time Charter Equivalent) is achieved. Voyage estimating is indispensable for shipping professionals involved in the market, and the principles apply equally well to all trades. Even cargo interests should know how to do a voyage estimate as they may well find themselves as disponent owners sub-chartering a vessel out in the spot trades

**Voyage Estimating Practical Exercise** **Session 13**  
**1730-1800**

A number of examples will be presented illustrating the principles introduced in the preceding sessions.

**KEY CLAUSES IN CHARTER PARTIES****Wednesday 23 October Payment of Freight, Hire and Commission Clauses and their implications Session 14 0900-0945**

Assuming the vessel performs to plan whether on a voyage or time charter, then the shipowner, disponent owner and broker would expect to receive their just rewards. The payment of freight under a voyage charter party or hire under a time charter party can lead to difficulties should any delays occur, the most serious of which could be the withdrawal of the vessel from the service of the time charterer – an option not open to the owner in the case of a voyage contract when usually freight is due some time after issuing bills of lading. The broker can often find himself caught in the middle of a dispute which threatens his livelihood through no fault of his own. The mechanics of money payments and the areas where problems may arise will be considered here.

**Charter Parties: Special and Additional Clauses****Session 15  
0945-1015**

During this session, some clauses specific to coal, grain and steel voyage charter parties will be analysed. In addition, time charter party clauses with direct relevance to the dry trades will be reviewed.

**POST FIXTURE****Post Fixture Operations: Who does What with Whom****Session 16  
1030-1145**

This session and the next will deal with some of the functions of the Post Fixture department of a ship owner, ship operator, voyage or time charterer or broker. There are often many more tasks to perform in this department than in the "shop window" department of the fixing brokers but, just as in any well run store, the back room staff perform a vital role which is often unnoticed or ignored until something goes wrong! It is only then that their skills and duties are recognized.

Whilst many think only of laytime and demurrage in the context of "post fixture" operations, the reality is somewhat more complicated. The sessions following this one will concentrate on laytime and demurrage leaving this session to deal with the post fixture mechanics, addressing the "who does what with whom, when and why" of the business. Specifically, mechanics relates to the relationship between the ship and shore in carrying out orders or activities associated with a voyage or cargo assignment. Voyage and time charter orders to the master, chief officer, port agent and other parties will be considered. The type of information sought and sent will be reviewed.

**Laytime and Demurrage Principles****Session 17  
1145-1300**

Fixing a ship may be the glamorous part of the business, but without the back-room support of a good post-fixture department most owners would see little of the "meagre" earnings from the ship. This is particularly so when it comes to interpretation of laytime clauses in charter parties and the calculation of any demurrage or despatch due under the contract. In principle the calculation of demurrage or despatch is straightforward in concept, yet it continues to occupy time of the law courts and arbitrations because of the disputes which are generated. In this session, following an explanation of the concepts of laytime, a number of simple examples will be given to help illustrate both the principles involved and some of the practices which have evolved over the years.

**Session 18****Workshop 4: Laytime and Demurrage Practical Exercises****1400-1515**

Following on from the principles laid down in the previous session, these next two practical workshops will introduce a number of exercises, beginning with a simple laytime calculation and building up to a more complicated set of charter party terms statements of facts.

**Session 19****Workshop 4: (Continued)****1530-1630****IMPORTANCE OF SHIP FINANCE****Session 20****Ship Finance and its Commercial Significance****1630-1730**

The real shipowner of a vessel sits at the centre of a web of decision making tasks. Some of these he can delegate, but many of the big decisions such as buying or selling a vessel are taken by him alone (or the board of directors in the case of a public company). The success of the commercial enterprise can often hang upon the owners knowledge and wisdom in taking these big financial decisions of the company. Chartering, whether voyage or time, come next in importance but are often delegated to a layer of commercial management when the number of vessels in the fleet is more than a handful.

Chartering managers who are tasked with finding a commercially acceptable TCE for a vessel or acceptable freight costs for a cargo must deal with the hand that they are dealt. In the case of a shipowning or operating company, the TCE earnings go towards payment of finance and operating costs. Knowledge of how these costs are built-up is important in understanding the context of chartering decisions. This session will highlight key aspects of acquiring a ship as a capital investment, including: vessel flag, classification, IMO regulations and the myriad of costs that make up a vessels operations budget.

**Thursday**  
**24 October**

**Session 21****Market Practice****0915-1030**

During this session a definition of tramp shipping will be given, including the characteristic features of the trades serviced by tramp vessels in the markets. The relative complexity of the business undertaken by general dry cargo vessels as compared to tankers will be considered.

Supply and demand factors are extremely important in this relatively unregulated trade, and some factors influencing the balance between supply and demand will be reviewed. The highly volatile nature of freight rates and the complex decision processes involved in accepting or rejecting a specific voyage make tramp shipping one of the most exciting market sectors of shipping

**HOW IT ALL FITS TOGETHER****Session 22****Workshop 5: Fixing a Ship Case Study Introduction****1045-1130**

This is a practical Workshop, designed to run throughout the rest of the day and to provide a thread which will link together much of the subject matter of the earlier lectures. The aim is to allow participants to gain experience of the workings of the chartering market by active participation in situations which are adapted from real events and which require involvement to achieve solutions.

Since participation in the real chartering markets is largely a matter of judgement, it is quite possible that there will be more than one solution to some of the problems. By allowing each person to express their views, however, it is hoped that all the best ideas will be thoroughly discussed before passing on to the next stage of the Workshop

We will start with the arrangement of a number of time charter fixtures. To do this, the group will be divided temporarily into shipowners and charterers, each with an authority to negotiate three year time charters on the best possible terms. We will begin with a review of the material and answer any questions which arise regarding interpretation of the instructions. Only then will individuals begin to negotiate the time charters with details of each fixture being reported to “the market” upon its completion.

**Workshop 5: Time Charter Negotiation (*Continued*)**

The time charter negotiations will be completed during this period.

**Session 23**  
**1130-1300**

**Workshop 5: Comparison of Time Charter Fixtures**

All the time charters concluded during the previous sessions will now be reviewed and aspects of the negotiations will be highlighted for discussion. In particular, the calculations of ballast bonuses will be explained as will the true nature of options which owners frequently give to charterers for continuation of a fixture into future years.

**Session 24**  
**1415-1515**

**Workshop 5: Voyage Charter Selection**

Having fixed vessels on time charter during the earlier sessions, individuals are now faced with the prospect of chartering out these vessels on a voyage basis in their capacity as disponent owners. Several possible cargoes will be considered using voyage estimating principles to determine which alternative is preferred.

**Session 25**  
**1530-1615**

**Conclusion and Feedback**

**Session 26**  
**1615-1630**

***Content and Lecturers subject to change.***