

Time Chartering eLearning Curriculum

Learning objectives

Time chartering is a complex business. The shipowners give the time charterers substantial control over the commercial operation of the ship in exchange for the regular payment of hire. However, whilst this arrangement suggests that the shipowners have transferred much of the potential operational risk to the charterers and that the charterers can do more or less what they like with the ship, such an initial impression is both misleading and dangerous.

The shipowners rely heavily on the financial standing of the charterers both in relation to the payment of hire and in relation to the indemnity which the charterers have promised should the shipowners suffer any costs, damage, losses or liability as a result of carrying out the charterers' orders. Similarly, the charterers rely heavily on the shipowners' ability to provide them with the agreed service throughout the charter period as they will be entering into sub-contracts with third parties in reliance on such ability. The charterers' intentions may also be frustrated by the various restrictions that the terms of the contract and the law may place on their intended use of the ship. The aim of this course is to highlight the various problem areas and to consider ways in which parties attempt to allocate risk inter se and thereby, provide the you with a balanced understanding of the relevant legal principles and practise.

Course content

This course will cover the following topics:

Section 1: Introduction to time charters and duration

The duration of the time charter establishes the period of time for which the charterers are entitled to use the property of the shipowners (i.e. the ship) and the period of time for which the shipowners are entitled to receive the agreed hire. This section will explore the allocation of risk between the shipowners and charterers for delay and to consider the problems which can arise at the end of the charter period when there does not seem to be sufficient time left to complete the last voyage planned by the charterers. The chapter also considers the various standard clauses which are designed to protect the parties against such eventualities.

Reading/Listening: 30 slides Section test: 6 questions



Section 2: Payment of hire

The commercial benefit of a time charter to shipowners is the regular receipt of cash income in the form of hire. Therefore, the aim of this section is to analyse the duties of the charterers in relation to the payment of hire and the various remedies that are available to shipowners should the charterers fail to do so.

Reading/Listening: 18 slides

Section test: 6 questions



Section 3: Off-Hire



Charterers agree to pay hire in consideration for the services which the shipowners have agreed to provide under the time charter. In this section, we will analyse the manner in which off-hire clauses seek to provide charterers with such a remedy and the importance of ensuring that the particular event for which the charterers wish to place the vessel off-hire does indeed fall within the scope of the particular off-hire clause. If the charterers deduct hire without justification, they run the danger that the shipowners will be entitled to implement the various remedies outlined in the Payment of Hire section.

Reading/Listening: 16 slides Section test: 6 questions



Section 4: Employment orders



One of the major advantages of a time charter to a time charterer is the flexibility that the contract allows them to dictate the commercial operation of the vessel and her crew. This section will examine the extent of the rights which are given to the charterers to control the operation of the vessel and the extent to which the shipowners may refuse to comply with such orders.



Reading/Listening: 17 slides Section



test: 5 questions

Section 5: Bills of lading pursuant to

time charters

One of the key requirements of a time charterer is the ability to obtain bills of lading from the ship for trading purposes. Bills of lading are generally essential for the international sale of goods and the charterers or their customers will require such documents to enable them to satisfy the terms of their sale contracts. The aim of this section is to analyse the extent of the charterers' rights to obtain bills of lading in the form that they require and the rights of the shipowners to refuse to provide such bills in some circumstances.

Reading/Listening: 16 slides Section test: 6 questions



Section 6: Loading, stowage,



discharging

Despite the fact that time charters are essentially contracts for the use of a ship for a specified period regardless of whether cargo is actually carried, the reality of the situation is that cargo will normally be carried pursuant to a time charter. In this section, we will look at the rights and duties of each party and to comment on the effect of standard terms and special agreements such as the New York Produce Exchange Inter-Club Agreement which are designed to minimise the scope of such disputes.



Reading/Listening: 16 slides Section



test: 5 questions

Section 7: Dangerous goods and unsafe ports The problems caused by the carriage of dangerous goods have proliferated in recent years resulting in the loss of a number of expensive ships. We will also study how the law draws a necessary distinction between the time charterers' rights to control the commercial operation of the ship and the rights of the shipowners to control the manner in which such orders are to be carried out for the safety of the ship, her crew etc. The aim of this section is to analyse the precise nature of the charterers' duties in this regard both at law and under The Hague and Hague-Visby Rules and to consider why it is not usually possible for the charterers to limit their liability for damage to the ship in such circumstances and what exactly what constitutes a safe port and the nature of the charterers' responsibilities in that regard.

Reading/Listening: 19 slides Section test: 6 questions

Section 8: Paramount clauses and



Whilst The Hague and The Hague-charter parties it is common for



time charter liens

Visby Rules do not apply compulsorily to parties to incorporate such Rules into the

charter by agreement through the medium of a Paramount Clause. The final part of this section we will observe how the courts have repeatedly emphasised the benefit which liens on cargo provide to shipowners since such clauses can provide a very effective form of self-help remedy. In this section, we will examine the different forms of Paramount Clause which are commonly used, the effect which they may have on the other terms of the time charter and the importance of distinguishing between various forms of Paramount Clause and to consider to discuss the possibility of other alternative remedies such as liens on sub freight and liens on cargo for freight (not hire).

Reading/Listening: 21 slides Section



test: 6 questions



Training language: English

Who should attend:

Attendees should have already obtained a basic knowledge of the maritime sector through their educational background and/or daily work or have completed BIMCO's 'Introduction to Shipping' course.

Training methods:

This online course is based the following key elements: interactive textbook (main learning materials), quizzes, resources section and final test.

Assessment and certificates

At the end of the course, there is an online final assessment which will be graded by the system. It allows multiple attempts and pass grade is 50% or higher. Once you passed the assessment, a BIMCO Certificate of Completion will be issued and e-mailed to you.