

ΑΚΑΔΗΜΙΑ ΕΜΠΟΡΙΚΟΥ ΝΑΥΤΙΚΟΥ
Α.Ε.Ν. ΜΑΚΕΔΟΝΙΑΣ

ΠΤΥΧΙΑΚΗ ΕΡΓΑΣΙΑ

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Prologue

The basic target of this dissertation is the extensive analysis of basic principles of international maritime law. Moreover there is an introduction, and explanation of the complex but vital matter of the maritime market and the chartering sector, with a special interest in tanker chartering.

To begin with, there is a historical reference to how maritime transportation of goods began in the early years of humanity and how it evolved throughout the years.

Also, there is a reference to maritime law terms and abbreviations. The explanation of all the above terms shows the rights and responsibilities of charterer and ship owner. In addition, the obligations of all interfering sides, in a charter party, are extensively analyzed.

Furthermore, there is a reference to all types of maritime transportation (tramp and liner) and how the maritime market works and manages to transport great quantities of cargo all around the world.

Then, the meaning of charter is analyzed and it is attempted to determine its legal nature. Also, charter is analyzed in its individual categories, to which a full and extended reference is made. Moreover the financial meaning of freight and freight market are determined.

Moreover, there is an extensive description of the two most important documents that are related to the contract of charter, namely the charter party and the bill of lading. Their similarities and differences are mentioned and all of their particulars are analyzed.

To conclude with, it is examined how all the above types of chartering and chartering documents are applied to tanker chartering. Through this application it would be easy for everyone to understand the difference between chartering on each type of vessel and also realize the exact meaning of tanker chartering.

CHAPTER 1

1.1 Maritime Law

Maritime Law is described as the total of all the rules and regulations that adjust the relations that refer to maritime trade and generally to the maritime industry. Maritime Law is a very unique and special sector of the Commercial Law which adjusts matters of protection of public interest and of the community but also adjusts matters of private relationships and interests. From the definitions above it can be realized that Maritime Law is separated in two categories:

- I) Public Maritime Law
- II) Private Maritime Law

The Private International Maritime Law sets the definitions regarding maritime incidents. More specifically it defines which country's Law will be implemented in international maritime relations, when the previous are not specified. In these, Maritime Conventions are followed.

1.2 International Maritime Conventions

The term International Maritime Conventions defines the multilateral conventions, with maritime issues as subject, which concluded between countries. These conventions adjust matters between countries that are part of the U.N. (United Nations), which could be of vital significance to governments of these countries.

National conventions are separated in seven (7) major categories, which are:

- 1) National convention of safety of navigation
- 2) National convention of clarification of jurisdiction
- 3) National convention of sanitary regulations
- 4) National convention of seafarers
- 5) National convention for providing help at sea
- 6) National convention for maritime transportations
- 7) National convention for the responsibility of the ship owner

From all the above it can be obvious that at chartering a significant part is played by the conventions that refer to maritime transportations, which govern the terms and the responsibilities of chartering.

1.3 Stages of conclusion and integration

There is a path of some specific steps and movements for an international convention to be introduced to the internal legislation of each country, from the time that it will be concluded on an international level. Such steps are:

I. Stage of meeting for phrasing the problem, to be regulated by the International Convention.

On this stage the matter that is under adjustment is mentioned in its general shape, special issues are affected and responsibilities are taken on behalf of those who wish to re-examine some specific issues on another session, when they will submit their suggestions and plans.

If the international organization has been charged with the elaboration of an agreement, it must create a plan and convene all its members in order to exchange opinions on the plan. Furthermore, at this stage documents and plans are drafted with observations of the states that wish to participate in it. Also observations about the plan that is already formatted are submitted.

II. Negotiation stage

On this stage the states that are interested are meeting once or twice in order to complete their plans and solve any problems that may have occurred through the observations that have been submitted. This meeting is most of the times extended and it can be characterized from the objection of the participants. It is common for this meeting to end up after suggestions, thoughts and complaints are submitted. The final act of these meetings is the composition of a fully accepted plan, which is and the final form of the international convention.

III. Signing stage

The international convention is signed from all the representatives of all states that agreed on its final form. It is possible for the international convention not to be signed from all the participants at the session or even if it does so, there is a possibility for more states to sign it in the future. However it is possible, at this stage, for the convention not to be signed, but to be set time limits in order to be signed in future from all the participant countries.

IV. Stage of incorporating the International Convention in national legislation

The international conventions commit the governments of the participant countries to uphold all the agreed regulations. In addition governments must create a policy that makes its citizens obey and respect these regulations of the convention. This could happen by making these regulations laws of the state. These laws would validate the regulations. From the moment that it will become a law of the state it obliges all the citizens to respect and obey it.

It is likely for a state, that participates on a session for the signing of an international convention, not to sign or even if it does not to head to the Parliament with the will to make it law of the country.

1.4 Consolidation and Codification of Maritime Law

In the late 19th century there many reports, on international level, of the first organized attempts to consolidate and codify the modern maritime law. Leader on this attempt was the International Law Association (I.L.A.), which was established in 1873 in Brussels, Belgium. Nowadays it is posted in London, U.K. As a sequel in 1897 the International Maritime Committee was established in Brussels, Belgium. Even if this organization was established later than I.L.A., it was the first one who engaged exclusively with matters of maritime law. It was a product of a team of Belgian economists, traders and politicians who wanted to suggest to I.L.A.'s members the fully codification of the international maritime law. Those two organizations managed, in many matters, to consolidate the rules of the maritime law. At 1890 the rules and regulations of York-Antwerp, which consisted a total of internationally accepted rules regarding the implementation of the maritime law. Moreover these regulations were referring to general averages. These regulations were revised in future sessions at 1924-1994-2004.

1.5 Hague-Visby and Hamburg regulations

At 1924 Hague Rules were legislated, which were concerning mostly the waivers of ladings. They reflected the first attempt of the international community to find a functional solution for the confrontation of the tactical problem of the ship owner regarding the exclusive responsibility for any loss or damage at the transported cargoes. They were trying to set a minimum responsibility of the transporters, which could lean depending on the situation.

According to Hague Rules the shipper deals with the cost of any damage or loss of cargo, if he cannot prove that the vessel was not seaworthy or unable for the safe transportation and maintenance of the cargo on its hull.

Through these rules the shipper could avoid the responsibility for the dangers that can come up because of the human factor, if he could show the appropriate attendance and prove that the vessel is seaworthy and fully manned. These regulations have been through time a subject of discussions, because there is an argument regarding the balance of the responsibilities.

Despite these facts, Hague Rules consist the base of the national legislation of many important trade countries around the globe, which cover more than 90% of the global trade. Even if Hague Rules have re advice by two protocols, none of them revised the basic provisions regarding the responsibilities.

United Nations (U.N.) and more specifically United Nations International Trade Law Committee and United Nations Trade and Growth Committee managed to consolidate and codify plenty of the provisions of maritime law. At Hamburg's Convention on March 31 in 1978, officially it was recognized the desire to set certain rules regarding the maritime

transportation of goods via sea routes. This convention in 1922 was separated in seven sections and concluded thirty-four (34) articles regarding the consolidation of the law of lading. Plenty more international conventions were signed regarding matters of protection of marine environment. All these conventions are under the auspices of the International Maritime Organization (I.M.O.).

1.6 International Maritime Organization (I.M.O.)

The International Maritime Organization is a specialized organization, who acts within the limits of United Nations (U.N.), who occupies in making reforms in matters of safety at international maritime life and for preventing pollution of the maritime environment by vessels and crafts. Furthermore it has the responsibility for legal issues that concern the admission of liability and the payments of indemnities in cases of maritime accidents. Also it occupies with matters of assistance in the international marine traffic.

I.M.O. was established by the international convention of Geneva at 1948 under the auspices of United Nations. Nowadays more than 163 countries are part of I.M.O. The main meeting of I.M.O. members happens every two years at the homeland of the organization, London, United Kingdom.

The board of I.M.O. consists from 40 elected members of organization and it is separated in 3 main categories.

1. Category A: Consists from 10 states-members with the larger size of merchant vessels
2. Category B: Consists from 10 state-members with the larger volume of transporting goods around the globe
3. Category C: Consists from 20 state-members and includes countries that are managing to penetrate in the sector of international marine transportation

Greece is one of the countries that possess a very important place in the marine sector. For decades it is a member of the board and more specifically, is a member at Category A.

CHAPTER 2

2.1 Vessel

According to Private Maritime Law every craft of tonnage at least 28.3 cubic meters which can independently sail at sea is called vessel. The legislator tries to connect the meaning vessel with its transporting capability and its independent movement. Vessel is mobile, but because of its great value, in some circumstances can be dealt as a real estate property by the legislator. Furthermore vessel can be called a complex mobile property because it consists of many components such vessels engines, boilers, propeller, rudder and compartments such vessels ballast water, fuel, provisions.

2.2 Crafts

According to the provisions of private maritime law, craft is a mobile thing capable of floating at sea without any transporting capability or any propulsion system installed.

2.3 Vessel under construction

It is a vessel which is going to become a ship, not a craft, which is still under the stage of construction. After launching is completed and before the engine is placed it can be considered a vessel under construction or a craft. Government vessels are excluded from the private maritime law.

2.4 Regulations of public maritime law

Public maritime law can be separated in three basic categories:

1. Tax law
2. Administrative maritime law
3. Special penal law

Public maritime law occupies in matters regarding the organization of the state and of the managing of the merchant navigation, coastal navigation, vessels safety and security, port patrolling. Furthermore it examines the rights and the obligations of the international community regarding matters of protection of the sea wealth, scientific research, maritime relations between countries. Public maritime law is the so call "Law of the sea."

According to Public maritime law, vessel is every craft that was built in order to sail on the surface of any kind of water with purpose the transportation of humans, cargoes or fishing, taking part in salvage operations, researching operations etc.

2.5 Nationality and identity of the vessel

Every vessel must have a nationality or in other words carry the flag of a country. According to Greek legislation the recognition of a vessel as Greek happens when this vessel is registered on any port of Greek authority. This register could be cancelled if the identity of the vessel cannot come up through it. However Greek vessels are recognized as those who belong to a percentage more than 50% to a Greek citizen or a Greek legal corporation whose fund belongs in a percentage more than 50% to Greek citizens.

According to European law vessels that belong to European citizen must also be able to register to Greek Registers.

Furthermore every vessel must have an identity, which means that all of its special characteristics must be identified (ships name, call sing, port of register, register number, vessels type, construction material, number and type of propulsion system, horsepower, gross tonnage, net tonnage, dimensions, name and address of the owner.

2.6 Persons exploiting vessel

Ownership person: He controls the ownership of the vessel but not the exploitation of it, which is granted to third parties.

Ships owner: He controls the ownership and the exploitation of the vessel.

Ships exploiter: He controls the exploitation of vessels which do not belong to him.

2.7 Maritime company

It is the capital anonymous corporation with its only target being either the exploit of Greek flag merchant ships or of foreign register. It is common for corporations such as these to have their headquarters close to a large port and near to the places where marine industry is placed.

The structure of these companies is the same. The general manager is the one that set the company into the international maritime trade and adjusts the ways that they will move through. Except of the manager there are plenty more departments that must work clockwise in order to for the company to achieve its goals and be competitive against its rivals. If this structure of the company does not work in the appropriate way it is most likely to cause results harmful for the economic wellbeing of the company.

2.8 Offshore maritime company

A great amount of foreign countries have adopted favorable regulations for maritime companies, including those who interfere with chartering and renting of small vessels. Those countries strongly encourage maritime companies to operate under the so called 'Convenient Flags', which means that maritime companies with permanent settlement can register vessels with quick, not so reliable procedures and with an extremely low cost by using the foreign flag. The profits that may come up from the exploitation of the vessel, which belongs to an offshore company, are submitted to a reduced taxation.

CHAPTER 3

3.1 Vessels loading/lading

The words loading or lading describe the procedure of receiving and stowing cargo onboard the vessel with the appropriate method. This term refers to any kind of cargoes. For passengers the terms embarkation and disembarkation is used.

When a vessel has arrived at the port of loading and receives the exact position which was pre agreed, vessel's master fills up the notice of readiness and sends it to charterer or shipper or both. The time for the calculation of demurrages begins from the day after the notice was sent.

Accordingly, charterer or shipper must arrange to bring the cargo that will be loaded alongside the vessel, in special tanks, or at aft of it if the vessel is Roll on Roll out. Then the loading will be commenced either by the available means of the vessel or by with shore means, if the area of the operation is an industrially restricted.

Throughout the stages of loading of the vessel it is important to keep a tight interplay between ship owner and shipper. Theoretically the responsibility of the shipper ends up the moment that cargo will reach the pre arranged position. From that moment, transporter is responsible for the cargo. Thereafter transporter is fully responsible for the loading of the cargo on the vessels tanks.

In the case that there is an arrangement for full and complete cargo the charterer is responsible to transfer to vessel this amount that will allow it transport is called freight, otherwise an extra freight must be paid, which is called dead freight.

3.1.1 Impact on tanker vessels:

However, if the cargoes are different (different kinds of crude oil etc) from those that have been agreed to the charter party, transporter can deny loading them. Moreover if the loading is not completed in the pre arranged time, because of shippers fault, demurrages must be paid him. But if lading is completed in less time from the arranged, then the transporter has the right to demand dispatch money.

With the completion of the loading Chief mate, who is responsible for the loading, gives to cargo representatives the mates receipts on which bill of lading is based. Through bill of lading it is confirmed that the vessel received the cargo and it is ready to transport it to the port of discharge.

The responsible officer for the loading must at all times keep a sharp look in order to maintain vessels trim and keep it without list. However, is responsible for checking the vessels drafts and maintain them below the designated load line. Finally, all the necessary safety precautions must be taken in order for maintaining safety onboard.

3.2 Parties and responsibilities

Master: Is the person in charge of trading and commercial coastal vessels and also representative of the ship owner onboard the vessel. He is responsible for the safety of the vessel, of the crew, of the cargo and of the passengers.

Charterer: Is the natural or legal person who provides a means of transportation to shipper or passengers for fare, freight or a ticket.

Shipper: Is the natural or legal person who provides a specific cargo to a means of transportation, to charterer for freight.

Shipbroker: Is the person whose obligation is to act as intermediate between ship owner, who owns the vessel and the charterer, who wishes to charter this vessel. He is the adjuster of the details of the contract.

Cargo receiver: Is the purchaser or another person that is most likely purchaser appoints him as the final recipient.

Vender: Is the trader that gives his goods for sale. Because of the sale he transfers the ownership of his goods to the buyer.

Purchaser: Is the person who finally takes the usufruct of the agreed and described goods/products.

The responsibility of the charterer depends on the available transportation mean is adjusted by the followings:

- 1) Charterer is fully obliged to do whatever is necessary for the transported cargo during loading or embarkation, during transportation and during discharge or disembarkation.
- 2) In addition he is responsible for any kind of damage or loss of shipper or passenger that may occur to the cargo or personal belongings, which he was obliged to look after during loading/embarkation and discharge/disembarkation. From this legal responsibility he is exempted in cases of emergency situations that could not be avoided or predicted.
- 3) He is responsible for the damages that happened due to delay of the vessels sailing or damages that caused alteration of the passage or damages that occurred during necessary approach in intermitted locations. Also he is responsible for the delays of the discharging due to the choice of a wrong and inappropriate area.
- 4) Another very significant responsibility of the charterer is that against all interested parties such as shippers, receivers, loaners, insurance agents etc. For any damage that may have occurred due to inadequate means of transportation, for the pre arranged passage, or for the good maintenance of the cargo until its discharge. The inadequate means of a vessel does not refer only to cargo handling but also at the inappropriate or defective crew composition. Also the absence of maritime documents or maritime aids and the insufficient supplies in fuel and provisions consists inadequate means.
- 5) Last but not least it should be mentioned that any kind of agreement that absolves charterer from his legal obligations and responsibilities is canceled. Furthermore, any other agreement that limits with any way the above obligations and responsibilities is canceled. If a charter party has such agreements on it, it is automatically canceled.

The obligations of the shipper are limited to the procedures before and during loading and after loading and discharge. His obligations are as follows:

1. He must give to charterer or his representative all the necessary documents for the completion of the loading

2. He must pay the pre arranged freight and any other demurrages he might be obliged to pay.
3. He must pay the designated by the law indemnity, in case he did not hold his part of the agreement.
4. He must give to charterer his representative at the port of discharge a written receipt for receiving the cargo.

Shipbrokers have a very significant role in the chartering trade and that is the reason why they have some basic qualities and activities which are the following:

- 1) He is either shipbroker and looks for the best cargo for his ship owner or his is cargo broker and looks the best vessel for the transportation of his client cargo.
- 2) Ship owner and charterer never negotiate with each other. This procedure is executed by the shipbrokers, who always act for the benefit of their clients.
- 3) When the procedure of the negotiations is completed, shipbroker attends to syntax the charter party.
- 4) He is authorized to sign on behalf of the parties he is representing whether this is the charterer or the ship owner.
- 5) His competence also includes the arrangement of all the financial matters of charter.

3.3 Limits of responsibilities and expenses

The International Chamber of Commerce (Chambre International de Commerce) which was established in Paris, France at 1919, with main objective the promotion of the trade and of the investments. Noticeable attempts were made by this committee for the codification of the maritime conventions and of the general exchange terms, according to the convention of transporting goods. The result of these efforts was the establishment of the International Codes for the translation of trading terms, which refer to the distribution of responsibilities for the goods and to the expenses that may come up from the transportation of the goods.

These terms are necessary for making exchanges faster and counterpointing the differences between habits and legislations and group them in four basic categories.

a) Term E is the one on which vender set his goods to the dispose of the buyer at vendors location. EXW= Ex Works.

b) Term F is the one on which vender has to deliver to goods to the transporter that buyer is going to suggest. FCA= Free Carrier, FAS= Free Alongside Ship, FOB= Free On Board.

c) Term C is the one on which vender is obliged to make a contract of transportation without undertaking the risk of loss or damage of the goods or extra costs that may occur after the loading and deliver of the goods.

CFR= Cost and Freight, CIF= Cost, Insurance and Freight, CPT= Carriage Paid to, CIP= Carriage and Insurance Paid to.

d) Term D is the one on which vender undertakes the cost and the dangers for the transportation of goods to their destinations. DES= Delivered Ex Ship, DEQ= Delivered Ex Quay, DDU= Delivered Duty Unpaid, DDP= Delivered Duty Paid.

After the efforts of International Trade Committee at 1953, 1980 and 1991, all of the above terms have the same meaning in all countries of the world.

CHAPTER 4

4.1 The marine transportation contract

The transportation of items via sea routes has as a basic requirement the agreement between the one who is interested to transport items from a place to another and the one who will execute the transportation. That agreement is the **Contract of Chartering**. According to the first paragraph of the 107th article of the sixth title of the private maritime law of Greece, a contract of chartering can be divided in:

- Strict Chartering
- Transportation of goods via sea
- Transportation of passengers via sea

Chronologically, strict chartering was the first to appear. Ship owner was negotiating freely with the charterer and the agreement was validating by the charter party, which mentioned the rights and the obligations of the interfering persons. By that way plenty and various charter parties have started to get drafted. Some of those charter parties are still operational. Those charter parties were:

- Charter party for time charter.
- Charter party for voyage charter
- Charter party for bareboat charter

In the late 19th century and more specifically in the beginning of the 20th century all sea transportations of goods and cargoes were executed with the form of an actual charter. Throughout the years, a new category of shippers had appeared which had an impact to the creation and growth of a new type of vessels. Those vessels were liner ships. That radical growth and evolution led to the separation of the contract of transporting goods, to the one of chartering.

All the above, were based to the weakness of the small shipping companies to protect their interests against the strong charters. They were unable to do anything else, but to accept the terms, that charterers were setting in the contracts, in order to execute the transportation of goods via sea. The legislator, because of that condition, which actually let unprotected the weak shipper to the desires of the strong charterer, had to interfere. That interference had as a result the contract of transportation of goods to be submitted in law rules, which curbed the arbitrariness of the transporter and forbid the enormous clauses for relief or limitation of his responsibility. The binding nature of these provisions was the distinctive feature of the contract for transporting goods comparing with the contract of chartering, in which until nowadays freedom of the contracts overrules.

4.2 The Distinction of the Contract of chartering by the Contract of transportation of goods

The contract of chartering and the contract of transporting goods have a common feature. Both are based on the mutual desire of the interfering parties

to execute the transportation via sea. So, those two contracts belong to the category which has as a historical start the charter.

Obviously that is the reason why the differences between those two contracts are not distinctive. This distinction is done, based on the following criteria:

4.2.1 The usage of five external elements which do not refer to the organic difference between the two contracts and that is why the distinction regarding these is inaccurate. The external elements are:

i) Document, which can be used in both contracts. At the contract of chartering, a charter party it is issued, while in the contract of sea transportation a bill of lading is issued.

ii) The type of the vessel, which is used in order for both of the contracts to be executed.

iii) Usage of ships broker, is another external element which distinct the contract of chartering from the contract of transportation of goods. In the contract of chartering the part of the ships broker is very important, because of the vast and the kind of the transported goods, it is extremely difficult to find the most appropriate vessel. This is the job that ships broker arranges. On the contrary, at the contract of transporting goods, it is not required the full capacity of the vessel and not any specific characteristics.

iv) The freedom for negotiating the terms of the contract. The contract of chartering allows the interfering parts, the free negotiation of its terms. That means that there is no any need for the adjustment of the contract with the written law rules of national and international conventions. Otherwise the contracts of transporting goods consists contracts of accession and are connected with modular shipping, which mostly are drafted by the transporting companies. Therefore, in these contracts, it is behooved the setting up of international contracts, due to the need for the protection of the shipper. It must be mentioned that on the contract of chartering, all the involved parts use behooved charter parties, which has as a result, that contract to be also contract of accession.

v) The contract of chartering consists from rules of innermost law, while in the contract of transportation of goods there are rules of mandatory law, especially as far as it concerns the obligations and the responsibility of the sea transporter. But not even that external elements are capable to distinct those two types of contract.

4.2.2 The main objective of each type of contract.

The main objective of the contract of chartering is the transporting means, which is the ship. On the other hand the main objective of the contract of transporting goods is the transportations and not the way that it will be done. More specifically the contract of chartering is related with the concession of the vessel, by the mean of space that is going to accommodate the transported goods, while the contract of transporting goods is related with the content of the transportation mean.

To conclude, none of those criteria of the external elements can describe with the most accurate way the distinctions between the contract of chartering and the contract of transporting goods. As a result and based on the last criteria the main obligation of charterer is to place in the disposal of the shipper the vessel with or without the services of the master and its crew, while in the contract of the transporting goods the main obligations of the transporter

is focused on the receiver, the transportation and the delivery of the goods to their destinations.

CHAPTER 5

5.1 The strict meaning of chartering

Chartering consist a contract, an agreement between two parties. One of the two parts is the charterer. His responsibility is to deliver to the other contracting part, who is the shipper, a vessel or a part of it for the completion of sea transportation or even transfer in a specific time limit passenger, cargoes, collecting a fee or freight for this job.

When the time for the execution of the agreement has come, ship owner has to occupy his vessel in a way that fully satisfies the agreed demands and the way of occupation that the charterer demands, according to the freight he has paid. That freight can be called hire or fee depending on the kind of the charter. The contract of chartering is proved and validated from the equivalent charter contract, which is called charter party. From all the above the coastal navigation, in which the contract can be proved is excluded by using any mean that is allowed to the trading cases.

5.2 The legal nature of chartering

In the theory of the international maritime law and in the Greek law there is an intense questioning and disunity regarding legal issues of charter. That disunity can be traced in the way that chartering can be called a hiring of an item or a mixed contact. The most preponderant opinion thinks that chartering is a hire for an upcoming project.

In order to be more specific, the chartering of a bareboat, according to the French, Italian, German and Scandinavian law tends to the term of hiring, while in the British and United States of America law, it is used the term chartering for this type of contract. It is mentioned that in the law of those two countries the bareboat charter treats as a simple hiring of a project, while when the vessel is given to the charterer manned it is treated as a chartering. In the Greek maritime law the opinions regarding the legal nature of the contract for the concession of a bareboat for usage are not unanimous and not clear enough. There are opinions that support that this contract is more alike to a charter contract that a hiring, But the law tends to the opinion that it is a hiring.

As far as it concerns the time chartering contracts, because of the different data of the most adjusted contracts, it was supported in the past that it consists hiring of an item or a combination of hiring.

Finally, the voyage chartering meets the meaning of chartering literately and it is under the provisions of the private maritime law of Greece. The provisions of the private maritime law are mostly part of the innermost law, so they apply for filling the blanks of the contract or even interpret the statement of the will of the interfering parts. On the contrary the provisions of the articles 134-148 of the private maritime law of Greece, which refer to matters of the responsibility of the charterer, are part of the mandatory law and it is required to be implemented no matter what.

5.3 The maritime market

The provision of all the services that refer to the maritime transportation is accomplished through the Merchant Marine, which is present for thousands of years. It consist the most important division to the department of transportation. The most important condition for the execution of the deal, between the one who is arranges the transportation and the one who desires it, is the agreement itself.

The financial image of the merchant marine is the maritime market, which is a total of separate markets which differentiate according the below:

1. The type and the nature of the transported cargo
2. The type and the size of the vessel
3. The requirements of the sea routes
4. The geographical allocation

In order to understand the way maritime market works and how it could be treated as a solid unit, it is useful to use the term of the maritime industry that Rochdale Report published in 1970, which says the below:

“Maritime is a very complicated industry in which the conditions that define the procedures in one of its sector do not apply necessarily to all the others. In some circumstances, it could be regarded as a total from interacted industries. Its foundational facts, the vessels, varies about their size, type, providing a range of transporting services for a big variety of cargoes that must be transported to distant and proximal sea distances. However, despite the fact that someone can divide the divisions and markets in the maritime industry, it is rather impossible to ignore their important interaction and interdependence.

Moreover, it must be mentioned that the larger part of the maritime industry, is occupied with the execution of the international trade and it works through a very complicated international frame from agreements of economical policy and social meaning, between the maritime companies, shippers, governmental organizations and other interfering parts.

5.4 The distinction of the market regarding the transported cargoes

The maritime industry and market is separated in two great categories. The main criteria to distinct those two categories is the size of each independent cargo which is meant to be transported. The cargoes, according to Parcel Size Distribution Function are divided in:

1. Bulk cargo, which is the lot of cargo that by itself is enough to fill the net tonnage of the vessel or of a tank/hatch.
2. General cargo, which is the lot of cargo that is unable by itself to fill the net tonnage of the vessel or of a tank/hatch and it is transported jointly with other lots.

The above distinction has as an imminent impact, these two categories of maritime industry and market to differ intensively from each other, as far as it concerns their organization, their activities, their way to organize their companies, the way they exploit their vessels. Below there is a briefly analysis of those two categories.

5.4.1 Liquid Bulks. Are the cargoes in liquid form such as crude oil, oil products, wine, chemicals etc. All those cargoes that are in a liquid form are transported by a specific type of vessel which is a tanker vessel.

5.4.2 Impact on tanker vessels:

However, because of the great variety of cargoes in liquid form, many different tanker vessels have designed in order to comply with the safety of the transportation. That had as an impact many new systems of cargo managing to enter in those vessels and introduce in the basic knowledge that a seafarer must have.

Furthermore, in the late 1960 a new type of liquid cargo entered the global market. It was the Liquefied Petroleum Gas and the Liquefied Natural Gas, know as LPG and LNG. In the beginning those two types were among the least known energy sources, nowadays they are the future of industries. It also must be mentioned that those types are among the least polluting energy sources known in the world today.

Overall, the development of the marine transportation of liquefied gases has been a great commercial success. This is certainly due to the foresight of all the promoters of the industry and also to the excellence of the ship designers and operators, which allowed ships to work for many long years with an incomparable safety and performance record.

In order to cover the whole spectrum of the marine market and of the transported goods, a short reference to bulk shipping market will be made.

Bulk shipping market, in which bulk cargoes are transported in lots of 2000 to 3000 tons on one ship one cargo basis. That market is separated in five major categories:

- Iron ore
- Grain
- Coal
- Phosphates
- Bauxite

To minor cargoes that are not included in the above categories, which are:

- Cement
- Sugar
- Salt
- Timber
- Fertilizers

To specialized dry cargoes, in which they include all those that require special handling such:

- Automobiles
- Refrigerated cargoes
- Pipelines

5.4.2 Liner Shipping Market is the one in which general cargoes in lots smaller than 2000 to 3000 tons are transported in common carrier bases. That market is separated in six subcategories which are:

1. Loose cargo or break bulk cargo, which is stowed and is loaded or discharged in separate lots.

2. Containerized cargo, which is any kind of cargo that is transported through containers.
3. Liquid cargo, which is small lots of liquid cargo, which are transported to tanks or containers or drums.
4. Palletized cargo, which is every cargo that is packed in pallets in order to be easier to stow it.
5. Refrigerated cargo, which is consists from susceptible cargoes that are transported refrigerated in specialized reefer vessels, or in reefer containers.
6. Heavy and awkward cargoes, which are products that during loading and discharging operations create difficulties due to their weight and size.

5.5 The distinction between Tramp and Liner shipping

Another criteria to distinct the maritime market, is the type of the transporting service that a vessel provides. Especially, the factors that distinct those two categories are:

- i. The transportation method
- ii. The occupation of the vessels
- iii. The nature of the cargo
- iv. The contract of transportation
- v. The freight
- vi. The condition of the market
- vii. The type of vessel
- viii. The shores infrastructure
- ix. The finding of cargo

By taking into account all the above factors of these criteria, the allocated categories are the:

5.5.1 Tramp vessel market. Is the market that consist from vessels that are incapable of executing scheduled tactical routes between some pre arranged ports, but on the contrary their occupation varies depending on the opportunities and the demands of the market.

Tramp service. Is a transportation service that is provided by one or more ship owners, by using vessels around the world, transporting cargo depending on the demand. These vessels are occupied without a scheduled program, which collect a freight, which is paid on behalf of the owner by the shippers.

5.5.1.1 Impact on tanker vessels:

Tramp market in perhaps the most famous market in the tanker shipping. Most of the tanker vessels are into this market and execute voyages all around the globe. This is happening because the countries that supply the world market with oil etc are very few. On the other hand almost every single country has needs that refer to oil products. The result of that unbalance is that countries with small or moderate needs of oil products are supplied by tramp vessels and the countries that constantly buy and import oil products are supplied by liner vessels.

5.5.2 Liner vessel market. Is the market, which consists from vessels that execute routes between two or more specific ports, which have appointed

marine transportation services. So a tactical line between those places is generated in order for goods to be transported.

5.5.2.1 Impact on tanker vessels:

As far as it concerns the tanker vessels, their participation in that kind of market is limited. Most of the tanker vessels that work on liner market have as headquarters countries with great supply of oil and L.P.G. cargoes. Those vessels execute sea routes between countries that supply oil and countries that have great needs and demands for it. In order to be more specific, most of the voyages of tankers that work in the liner market, start from Saudi Arabia towards Europe and from United States of America towards Europe and Eastern Asia.

5.6 Types of chartering

There are many various types of chartering, depending on the criteria that are used for their separation. The most common and also most important criteria have to do with:

5.6.1 The capacity of the vessel. The chartering of a vessel by its capacity can:

- i. Refer to the whole vessel, with only exception the accommodation space of crew. In that case it is called whole charter and the charterer is obliged to load full and complete.
- ii. Refer to percentages of the gross tonnage capacity of the vessel (70%-90% etc) or even refer to a specific part of a vessel (No 1 tank-No5 port Tank etc). In that case, chartering is called space chartering and there is more than one charterer. Every one of them can charter its own cargo (part cargo)

5.6.2. The commercial operation of a vessel. The chartering of a vessel, with criteria the commercial operation can be divided in two categories:

5.6.2.1 Demise or bareboat charter. Is the chartering in which the charterer manages, for a price, the commercial operation of a vessel for long time. That price, which is called hire, is paid by the ship owner on regular basis, according to their agreement. The time of this charter could be from two years, until the rest of the economical life of the vessel. The ship owner takes care only of the capital of the vessel. On this chartering, charterer receives the vessel bare (without provisions and stores), from the ship owner. Also charterer is responsible for manning the vessel. In that case, charterer is more like a ship owner, than charterer.

In essence, that kind of chartering is not technically a chartering of transportation of the cargo from the vessel, but a lease contract of vessel. The vessel comes to the possession of the charterer, who is fully responsible for its operation, its manning, its employment, navigation, maintenance and its navigation.

Therefore, charterer has the right to manage the vessel at his will, but he is not legally right to mortgage it or sell it.

Bareboat charter is used more often for governmental interests and less from private individuals. As far as it concerns the government, it is used for all the below reasons:

- For transportations that are executed from governmental vessels in war time

- For transportations that are executed from governmental vessels in emergency situations
- For the contribution of the state in the marine industry, by granting to private companies vessels in hush times or when the government requires vessels from private companies in order to satisfy its needs. As far as it concerns the private sector, that kind of charter is used:
- For trading oil products with tankers
- When charterer desires to raise or complete the capacity of his merchant fleet, for a specific time and does not wish to pay the expenses of buying or constructing a new vessel.

5.6.2.2. Non demise charter. Is the most common type of chartering. In that type, ship owner has the commercial usage of the vessel and he hires it to charterer for a specific time, for the agreed hiring or freight. This category of chartering is divided in three mention worthy categories:

- a. Voyage charter. Is a long term type of charter, in which the ship owner arranges the obligation, in exchange for money from charterer, to transport a specific amount of cargo for one or more voyages. It is the oldest and most common type of chartering and can be found with many changes.

The most common alteration is the one at which there is a single voyage transportation, at which ship owner has the obligation to transport a specific quantity of cargo, from the loading port to the agreed discharging port, according to the agreed freight (most of the times it is calculated in United States Dollars USD per transported ton). The freight is calculated by taking into account the conditions of the charter market.

The financial causes of signing a voyage charter are:

- It appears as the typical type of contract, appropriate for the transportation of huge quantities of goods with vessels.
 - It gives the chance to a trader who requires a vessel in order to transport a specific cargo between specific ports and he is not willing to cover any expenses and dangers that may occur from this commercial operation of the vessel.
- b. Consecutive voyages charter. In that kind of charter, vessel is hired for the execution of a specific number of voyages or as much as it can achieve through a period of time. The voyages are executed with charter terms of a simple voyage. Consecutive voyage charter was used in past for the transportation of coal.
 - c. Charter for both voyages. Is the charter at which transportation of cargo is made in transition but also in the return of the vessel, from its destination. This kind of charter is called double transportation of goods.
 - d. Ballast charter. Is the charter which is used only for the transportation of goods only at the return of the vessel from the port. As a result the transition of the vessel to the port of loading is done in ballast condition.
 - e. Double transportation charter. That type of charter is used for the transportation of different cargoes, in two different sections of the voyage. The voyage charter is concluded with the shape of full charter and it takes in all the spaces of the vessel. It is very rare to take the

shape of part charter, while there are many difficulties in coordination that may occur, because it is easy for the needs of the charterers to coincide.

5.6.2.3. Time charter. Is the type of charter in which ship owner hire his vessel to charterer for a specific time period, for a fee. That fee is called hire and it is used to be paid in advance to the ship owner. By time charter, ship owner set his vessel to the disposal of the captain and crew in order to use it for the transportation of goods or humans. Charterer is interested to conclude time charter, in order to raise his commercial fleet for a specific period of time without giving an enormous amount of money for constructing new vessels or buy vessels that are already used.

As a result, ship owner keeps having the control to the commercial operation and management of his vessel and also to its navigation. Therefore, responsible for the running and operational costs of the vessel but also for the capital cost, is ship owner. On the other hand charterer is responsible for the commercial employment and he has the right to use the vessel according to his will for the agreed time period in order to serve his own economical interests. However it is important, that he is responsible for the voyage cost of the vessel (which is the cost of fuels, port taxes etc).

In addition charterer has the possibility to use the vessel with the form of an organized company, fact that provides the potentiality to give his right of exploiting the vessel to someone else, who is transformed to sub charterer.

Last but not least, it must be mentioned that it is a common practice, for all the participated parts to agree in options of renewal of charter. An example of all the above is, when ship owner or charterer is asking for an extension of the time charter, either by the same terms, either by revised terms, either with new terms.

Moreover, if someone takes into consideration the criteria of place and time of delivery- redelivery of vessel, then time charters are separated in:

- i. Trip time charter. That charter has many common points with simple voyage charter, by the mean that both are signed in order for a cargo to be transported to a specific port. The main difference between those two charters is that on trip time charter the owner is paid per day of vessels occupation while in simple voyage charter ship owner is paid for the cargo quantity he transports.
- ii. Round voyage time charter. In round voyage time charter ship owner is paid by the same way with voyage charter. Furthermore, in that occasion, the port of delivery and redelivery is the same, as a start and ending of the voyage.
- iii. Periodical time charter. In this charter the real meaning of time charter is applied, such the vessel is chartered for a time period that can last from some days until years. The occupation of the vessel can take place in one specific country, region or it can be global. The port of redelivery must be in the limits of a geographical region.

5.6.2.4 Contract of affreightment. It is a relatively new type of charter by which ship owner arranges to satisfy the desires of charterer, regarding with

matters of transportation of pre arranged volume of goods, in a large time period. Technically that type of charter is related to the transportation of pre arranged quantities of a cargo, between two ports in an arranged time. Ship owner has the right to choose the vessels that he will use. If one of his vessels gets out of commission, the contract of charter does not get cancelled, but he has the obligation to replace it in order for the agreement to be completed.

As a contract of affreightment (C.oA.) is defined a new type of transportation of goods through sea, which covers a specialized, same cargo, in large quantities and for long time periods. Most of the times CoA covers long time periods, by executing plenty voyages. However the occasion of charter for short time, in which limited voyages are executed, does not excluded from the examples of CoA.

In CoA charter, the vessel does not have a significant matter for the charterer, while in the center of his interest is the cargo that ship owner is obliged to transport with a vessel of his choice and in a specific time limit. The term contract of affreightment is used for describing any charter contract without taking into consideration the type of charter. However the most spread mean of CoA is the one that was described above and refers to the separate type of charter of contracting transportation. It is not rare for that kind of charter parties to be found in the liner markets.

Many times, different maritime companies undertake the management of vessels in order to execute services o maritime transportations. All of the interfering parts, when they negotiate the contracts of transportation they adopt data from the voyage charter and from time charter.

To conclude, many times the limits between the different kinds of charters is not clear. As a consequence there is one more, new, type of charter which is based in two or more charter types.

5.6.2.5 Hybrid charters. These charters are the ones that include facts of the time charter and from voyage charter. Some of the most common and important examples of that kind of charter are:

- Consecutive voyage charter. It is a special occasion of voyage charter and it is related with the execution of consecutive voyages between specific ports and in the arranged time limits. The most common applications of this charter are located to tanker chartering.

Tankers are transferring oil and its products but also they transport chemical cargoes and liquefied gases. Most of the transportation of these cargoes is happening after the signing of great deals between the few exporting countries and the plenty ones that require these cargoes in order to keep their industries moving. The result of these contracts that are signed is a permanent sea connection between the interfering countries which is serviced by tanker vessels that never stop supplying with cargo the country that imports it.

5.7 Freight

As mentioned previously, in the limits of charter, which have as a basic increment the time, the paid fee of the ship owner, as an exchange for the

bestow of the vessel for a specific time, takes the meaning of hire. Hire is getting paid in advance on regular bases depending on the agreement. It is common practice to be paid in United States Dollars (U.S.D.) per occupation day of the vessel.

As far as it concerns the voyage charters the equivalent fee that ship owner receives from charterer, for the transportation and delivery of goods to their destination, is called freight. Also for freight, it is very common practice to be paid in United States Dollars per ton of transported cargo.

The formation of the charter price (or any other sea transportation service), in the limits of a free market, can be achieved after negotiations between the interfering parties of the contract. Namely, ship owner and charterer are examining the facts of the present time, the conditions that rule the market and the demands of this particular charter. Furthermore, it must be mentioned that the freight of a single charter does not deviate from the level that all freight in the market are moving into. Therefore, the price of freight depends on the match between supply and demand of sea services every single time.

A very significant role to the formation of the freight price is played by various factors, predictable or not, which affect the demand in sea transportations. Also the negotiating power of the buyer and vendor in the limits of international trade, are having a important effect to the formation of the price.

In addition, the price of freight reflects the balance of equilibrium price, which is the availability of vessels and cargoes in market. So, when there is an surplus of vessels, price of freight is reduced while when there is a shortage on vessels the price of freight is increased.

The most important factors that create the price of freight in a contract are:

1. The type of vessel that is about to be chartered
2. The vessels specifications and condition
3. The geographical position of the vessel and of the cargo
4. The charter period
5. The overall cost of providing the vessel
6. The state of the market for chartered tonnage
7. The prediction of the negotiating sides for the development of freight in future.

5.8 Freight market

The financial system which defines the freights can be found in the meaning of freight market. Because of the difficulties of the syntax of an ecumenical term of the above meaning, three approaches are given with criteria:

- a) The place which defines the market
- b) The people who act in it
- c) The way it operates
- d) The way that acts and reacts, the people and the conditions in market.

The meaning of freight market can be approached as:

- Freight market is the geographical place in which the freight is determined or transportations are made.
- Freight market is a total of natural and legal persons, who express different interests, act with different ways and try to achieve their goals.
- Freight market is a system of interdependent persons, factors and conditions, that through financial mechanisms and practical procedures end to the setting of freights based on which the international sea transportations are made.

However freight market because of the fact that does not consist a market of the same descent, is separated in many submarkets. The international maritime practice separate the freight market based on the below criteria:

- Type of vessel:
 - Bulk carrier and twin deck market
 - Tanker, chemical, L.P.G., L.N.G. market
 - Combined carrier market
 - Containership market
 - Roll in roll out market (RO.RO.)
- Type and nature of the transported cargo:
 - Dry bulk cargo market
 - Liquid bulk cargo market
 - Special cargo market
 - General cargo market
 - Container cargo market

In addition, to all the above criteria, there are also the identify and secondary criteria of freight market separation. These are separated in with criteria:

- Geographical allocation. The markets that come up from that separation are depending on the geographical allocation of the transportation of goods via sea and from the geographical level of vessels occupation.
- Time limit of charters. Technically, that criteria divides the freight market in two parts. The one that includes long term charters and the other that includes short term charters.
- Type of charter. Charters, as it explained and above, are divided in categories. Based in this separation, every freight market is distinguished in:
 - Time charter market
 - Voyage charter market
 - Bareboat hire market
 - Affreightment market

5.9 Vetting before awarding a charter

“Vetting” is the general name used to describe the oil and chemical companies’ process of selecting ships for their cargoes. This is a process which is not entirely harmonized and which has not been described or treated to any greater extent in literature, especially not from a legal point of view. The

reference to vetting here has several purposes, both legal and purely descriptive and informative. The perspective is mainly international law or common law, as the latter is the predominant legal system and principles applied to maritime law.

The inspection report is entered into an electronic database but does not yield a result of pass or fail. Rather, this report is used as one integral part of the selection process. The other parts of this process may be an investigation into vessel history and classification, as well as the experience of the crew and master. Also information concerning the quality of the ship owner's organization as well as reports from Port State Control and statistics from Equasis are gathered.

The chartering of tankers in the oil and chemical trade becomes very difficult without vetting approval. Lack of vetting will prevent a tanker from carrying a cargo that is owned by a major or any of its affiliates or which involves a shipment into or out of a terminal operated by a major or one of its affiliates.

Many tanker charter parties now contain vetting clauses. The typical clause may read as follows: *Owners warrant that the vessel at all times shall be accepted by major oil companies and chemical companies under their vetting programs. Owners to arrange for inspections as and when required at their time and expense.*

To date, there have been no U.S. Court decisions dealing with the subject of vetting. However, there are two recent New York maritime arbitration awards that concern the interpretation of vetting clauses in tanker charter parties. The vetting clauses in both these arbitrations are identical and read as follows:

Owners warrant that for the duration of this charter the vessel will be kept in a standard acceptable to all major chemical producers and all major oil companies (e.g. BP, Shell, Exxon).

CHAPTER 6

6.1 Charter contract

The most important documents regarding the contract of charter are the charter party and the bill of lading. Both of those documents can work as evidence and not as reference.

In tramp shipping, in case that a ship owner agrees with a charterer in order to provide him the whole transporting capability of his vessel for one or more voyages, then that contract has the form of a charter party. All the terms involved in a charter party are negotiable and consists the main and most common contract of charter in free market.

On the other hand, in liner shipping market, ship owner, who has the role of transporter, provides transporting services to whomever wishes to use his vessel for transporting cargoes. Technically, in liner shipping market, shipper hires a part of the vessel in order to transport the goods he wishes. That hiring is confirmed by transporter with the booking note, which is an official document in that market and it similar to the charter party that is used in tramp liner market.

When the delivery is completed, transporter gives the document of bill of lading, which is filled either by master either by shippers' agent.

In addition, charter party is compiled in every charter, but is possible except from the charter party, a bill of lading to be compiled, in a charter.

Bill lading is a very useful and important document for the transportations and for this reason it is drafted, even if legally it is not necessary. It is certain that bill of lading is drafted after the end of loading, so the procedure of drafting can be coinciding with the composition of the charter party. Furthermore, bill of lading has a significant contribution to the transportation through charter. The operation of bill of lading is significant because it convenes the receiver to take the goods in the pre arranged location while it allows to the owner of the cargo to give away the ownership of it or pledge it during transportation.

In case there is a charter party and a bill of lading, it is likely a problem to be shown up between their terms. As a result it could be an important mater regarding to which of those terms will overrule. According to article 170 of the private code of maritime law of Greece, that refers to the settlement of this specific mater in order to avoid that confusion, shippers must relegate with the bill of lading to the terms of charter party, so the terms of charter party will be included in the bill of lading.

That can happen with three different ways:

- a. By printing on the back of bill of lading, the terms of charter party.
- b. By attaching in bill of lading a part of the charter party which includes its terms.
- c. By charter party bill. All of the above ways are not practical because of all the terms that are printed at the back. That new type of lading has only one side, the front side. In that side there is a general clause which incorporates the terms of the charter party. The most

known type of charter party lading is the one with the code name Congenbill, which was published in 1994 and was adopted by B.I.M.C.O. (Baltic and International Maritime Conference).

To conclude, it must be mentioned that bill of lading in free market consists a proof of loading goods and under no circumstances it is not a basic contract of goods transportation.

6.2 Bill of lading

Bill of lading is a document with great value that is drafted from the transporter, after the completion of loading, in any kind of contract that refers to transportation of goods through sea. Shipper who is interested for the transportation of his cargo, signs a contract of transportation with the transporter, who undertakes to execute the transportation of his cargo. A copy signed by the shipper is delivered to transporter.

With bill of lading it is confirmed the delivery or the loading of some cargoes and it is a promise for the transportation and delivery of them, in a specific place where the legal owner of the cargo will receive it.

A legally published bill of lading, consist a proof between all of the parties that are interested for the cargo and the underwriters. By giving the bill of lading to the bearer, he acquires rights to the loaded cargo. Shipper is obliged to deliver the loaded cargoes only if bill of lading comes back at him with a statement of the receiver regarding with the delivery.

However, the most important issue, that maritime law has to face, is the verification of the identity of the transporter, when it is not determined in bill of lading. Especially when the cargo is transported with bareboat charter, where transporter is also the charterer and shipper is the sub charterer. That condition can create a confusion, which refers to the question whether or not bill of lading can prove the contract between the bearer and ship owner or with the charterer of the bareboat charter.

For the settlement of this specific and important mater, there is no rule or law that can settle any problems that may occur. The result of that is that everyone follows whatever the common maritime practice ordains, which discerns two major cases:

- 1) Demise charter. Is the one that charterer dissociates the commercial operation of the vessel and sets himself as transporter, while he or master signs the bill of ladings.
- 2) Non demise charter. Is the case that ship owner dissociates his own vessel and sets his self as transporter while master or charterer signs the bills of lading. It is worthy to mention the fact that in some time charters charterer is defined as transporter because bills of lading are signed on his behalf.

Bill of lading as a document has a great and very important utilitarian and operational value because it consists:

- A final receipt that the cargo has been received from the transporter in order to be delivered, while it includes

information that refer to the cargo that will be transported, such as data about its quality, weight and quantity.

- A document of title. It is mentioned that whoever has the prototype document of bill of lading is the legal beneficiary of the cargo.
- A primal evidence of the contract of carriage goods. It consists the only evidence of the agreement of transportation between the transporter and the legally owner of the cargo.
- A documentary credit. Because it can be the base of taking credit. Any maritime lading must include some facts in its draft. These facts must define:
 - The accurate cargo description (quantity, quality, weight, volume)
 - The name of the vessel that transports the cargo
 - The date that bill of lading was drafted, which defines by the date that master signs it.
 - The name of the shipper and the name of the consignee.
 - The port in which cargo was loaded but and the port that it will be discharged.
 - The freight and the method of payment. It is mentioned that in case the freight is prepaid, it must be paid the moment of the signing of bill of lading.
 - The number of prototypes bills of lading, which were published.
 - Masters or agents signature.
 - The terms and conditions of the carriage. In case that bill of lading is consistent with the terms of charter, then shipper has the right to demand from the transporter the discharge of the cargo, without paying the costs of that operation.

It is mentioned that if master is unable to confirm the accuracy and the propriety of the bill of lading, it is common to sum in it the below terms:

- Shipper's load and count
- Said to be
- Apparent order and condition
- Weight quality condition and value unknown

In that case bill of lading is not fault and when loading operation will be completed, master delivers it to shipper. Then the bill of lading is released.

Accordingly, all the types of bills of lading are given, as they came up through maritime practice, up to this day:

- Clean bill of lading
- Foul bill of lading/ dirty bill of lading
- Received for shipment bill of lading
- Shipped bill of lading
- Direct bill of lading
- Transshipment bill of lading
- Through bill of lading
- Combined transport bill of lading
- Stale bill of lading

- Groupage bill of lading
- Open bill of lading
- Named bill of lading
- Order bill of lading
- Negotiable bill of lading
- Non negotiable bill of lading
- Sea waybill
- Liner bill of lading
- Charter bill of lading

It is very common practice, for the interfering sides, to choose standard types of bills of lading and use them as a base to their agreements. Indicatively, BIMCO and Intertanko have produced a great number of bills of lading. An excellent example of bill of lading is the Polcoalbill of BIMCO.

To conclude, this extend report for bills of lading, it is notable some frequent occurring inconsistencies, which should be avoided for the smooth development of them. Those inconsistencies are:

- Bill of lading not presented in full sets.
- Alterations in bill of lading from not authenticated and authorized officials of the shipping company.
- The onboard endorsement of bill of lading is not dated.
- The bill of lading fails to indicate whether freight is prepaid or not.
- The bill of lading is dated later than the latest date that is specified in credit notice.
- The bill of ladings is not shown up within 21 days from the completion of loading.
- The bill of lading describes the cargo inaccurately.
- The cargo is loaded on deck of the vessel, so an on deck clause bill of lading is issued, but is not getting accepted and new problems occur.

6.3 Charter party

It is an important premise, in order for the agreement of charter to be valid, to predict the appropriate measures for settling every issue which may occur through its execution. The agreement of charter, between the interfering sides and the measures of settling any issues, can be expressed verbally or in writing.

Charter party expresses, in writing, the agreement of the ship owner with charterer, for the concede of the whole transporting capability of the vessel, either for a short single voyage or for more, even for an longer pre arranged time period.

That document proves the contract of charter and consist the basic contract of transportation through sea. It includes the opinion and the acceptance of the interfering parts as far as it concerns the transportation with a specific vessel and the terms that rule the relations between them, which are

the rights and obligations of each side. It is not a reference type of charter, it is freely negotiable and it is ruled by the laws of offer and demand. Also, it is mentioned that according to private maritime law of Greece, charter party is not able to be replaced from a bill of lading. However, in contract of transportation of goods, charter party can be replaced by bill of lading or of any other document that proves the receipt of the goods that are going to be loaded.

Charter party can be frustrated, whether in cases of great delays, whether in cases of incapability of executing it, which may be caused in an unpredicted fact, that none of the interfering parts is not responsible.

It is a common practice, in charter parties, the British law, known as common law, to be executed. That law which is based in jurisprudence, which is the total of precedents of such disputes, which were heard in the past in British courts of law. The decisions that were taken from these courts of law help the judges in nowadays to decide for the fate of their cases.

According to the British common law, the terms of charter parties can be sorted out in:

- Express and implied terms. Express terms are these which are described with an express way and are quoted in standard forms of charter parties or in their rider (the extra amendment that most of the charter parties have). Implied terms are these which while they are not written in charter parties, are so obvious and strong and always are getting accepted from all interfering sides. Some of the most implied terms refer to seaworthiness, the due dispatch and the proper route.
- Representations. Are the terms which refer to the presentations that are made during negotiations and consist the promises that interfering sides are giving. Some of the most important describing terms are the characteristics of the vessel (name, call sign etc) which have been described by ship owner, but and the characteristics of the cargo (volume, weight, type etc) which have been described by charterer.
- Conditions. Are the terms that if they get violated from an interfering part, give the right to charterer to cancel the charter party and demand repudiate and sue for damages. Examples of the most significant condition terms are:
 - The geographical position of the vessel at the moment of the signing of the charter party
 - The time that the vessel departs for the loading port
 - The nationality of the vessel
 - The transporting capability of the vessel, for the specific cargo
 - The date that is estimated that the vessel will be ready for loading.
 - The register of the vessel
- Warranties. Are the terms that their violation from an interfering part, gives the right to the other one to sue for damages. Examples of the most important warranty terms are:
 - The maintenance of the vessel
 - The fuels of the vessel
 - The obligation of charterer to bring the vessel to the loading port

- The redelivery of the vessel from charterer to ship owner
- The speed of the vessel
- Innominate terms, Are the terms which are faced by courts of law as conditions or as warranties depending on the importance of the consequences that may occur from their default. The most significant example of the term innominate is the seaworthiness of the vessel.

The syntax of a new charter party from the beginning consists a very difficult procedure and that is why most of the interfering parts use standard and pre planed types of charter parties. The purpose of the usage began from the late 19th century, when standard forms of clauses started to show up in the different trade routes. With that way the interfering sides have always ready the base of the agreement and they just add some clauses which refer to specific demands of charter and deduct some terms of the standard form that do not refer to them.

- The usage of these standards and pre planed types of charter parties, offers some important advantages. The most important of them are:
 - 1) The main terms of these charter parties are known to the interfering sides, which minimize the time that is spent in negotiations between them.
 - 2) These charter parties provide a greater safety to both interfering sides in order not to be pointed out as injurious for their interests and clauses. That danger is always visible, in the limits of the international maritime market, because most of the time the interfering sides speak different languages.
 - 3) These charter parties are very easy to use and very convenient.
 - 4) The finding and acquirement of these charter parties is very easy because of their vast global use.
 - 5) Because of the vast and international use of these charter parties, there is a similarity to their rendering and appliance to the law from the courts of law all over the world.
 - 6) These charter parties include, in the limits of feasible, a fair separation between the rights and the obligations of the interfering parts. This happens due to fact that the committees that drafted them, represents the interests of ship owners and charterers equally.
 - 7) The accuracy of the terms of charter parties, has been checked in the past and keeps on been checked in courts of law.

It must be mentioned that most of the times all the advantages that were pointed seize to exist because interfering sides use standard charter party forms only as base for the final contracts. So, the clauses that already exist are transformed while new clauses (riders) are added. These actions create a new problem. The standard charter party form seize to in accordance with the final form.

In addition, all of the above can lead to litigation between the interfering sides about the charter party and the contract of charter.

The meaning of the existence of standard and pre planned types of charter parties has as a result the vast variety of their origin. The origins of the syntax of these charter parties are divided in two categories:

International or commercial organizations. The two larger and most important organizations, that have settled special committees, which have as only target to publish new charter parties, the review and the amendment of the already existing charter parties. Those committees are:

- Baltic and international maritime council (BIMCO), which is an international private maritime organization that was established in 1905 at Copenhagen, Denmark. It began as an representative association of the interests of ship owners (was established by 112 ship owners) but it has “grown” to an international colossal organization, which counts hundreds of members, including vessels managers, ship brokers, agents.
- Association of ship brokers and agents of the United States of America (ASBA). It is an American union, based in New York that represents the interests of ship brokers and marine agents.

However, except of those two great organizations there are plenty others that are also important and work on the creation of standard charter parties. These organizations can be international or national. An example of such kind of international organization is the FONASBA (Federation of National Association of Ship brokers and Agents). Also, another example of a national organization is the Japanese Shipping Exchange and the United Kingdom Chamber of Shipping which is part of the General Council of British Shipping.

- Big maritime companies or big shipping companies. These companies have drafted and keep on drafting private standard forms of charter parties, which are mainly used in the tanker market. These private charter parties services the interests of those big companies, which use as base their own. An example of this tactic is the SYNACOMEX (Syndicat du Commerce Exterieur des Cereals) charter party, which mostly used in cereal market in France.

As of these charter parties have been proved as trust worthy and impartial, after inspections of large organizations, are acknowledged as official. BIMCO has created a list which includes all the approved documents and published it for the good of their members and of the international maritime business. That list divides the certified charter parties to:

- a. Agreed charter parties. These charter parties have been agreed between BIMCO and the British council or the central committee of ship owners of France or any other ship owners union and one or more charterers union (e.g. Polish crude oil committee, British trade federation etc). The written terms of that kind of charter party, must not be changed or erased without

the approval of all the organizations that participated to its creation. The agreed charter party must be applied to the transportation of the good that is meant to.

- b. Adopted charter parties. In the case that there is an adopted charter party, e.g. between BIMCO and a charterers union, which is supported by a ship owners union, then it is mentioned that contract has been approved or it is adopted from British maritime council. In addition, a charter party that has been published by a ship owners organization, in order to service a specific type of trade. To conclude, an adopted charter party is mandatory for the members of the organization, who has approved it, with only condition that the charter party is already agreed between two other unions/organizations.
- c. Recommended charter parties. In case there are no charterers unions by which a ship owner can negotiate a specific charter, then BIMCO publishes charter parties, which are recommended as approved for this charter (e.g. general charter party Gencon). That type of charter party is shown up when unions that negotiate the formation of a charter party can not commit their members to a formation of a charter party. Even if BIMCO recommends the opposite, it is not obligatory

Charter parties can be separated in categories, depending on the type of the transported cargo. According to this criterion the charter parties are separated in:

- Charter parties which refer to the transportation of oil products
- Charter parties which refer to the transportation of carbon
- Charter parties which refer to the transportation of irons
- Charter parties which refer to the transportation of grains
- Charter parties that refer to the transportation of timber
- Charter parties that refer to the transportation of rice
- Charter parties which refer to the transportation of cement
- Charter parties which refer to the transportation of stones.

The most important separation of charter parties is the one which is done with only criterion the type of charter. The separation of charter parties with this criterion is listed as below:

I) Voyage charter party. In these charter parties, despite the fact that there is a great variety, because of the large amount of sea routes and transported goods, there are some specific terms which are used in most of these charter parties. These terms are:

- 1) Place of contract
- 2) Date of charter party
- 3) Names and domiciles of contracting parties
- 4) Name and description of contracting parties
- 5) Condition of vessel
- 6) Vessels present position
- 7) Cargo
- 8) Loading and discharging places
- 9) Laydays and canceling
- 10) Freight
- 11) Loading and discharging cargo handling

- 12) Laytime
- 13) Demurrages and dispatches
- 14) Agency
- 15) Shifting
- 16) Exceptions and exemptions
- 17) Deviation
- 18) Lien and cesser clause
- 19) General average
- 20) Law and arbitration
- 21) Bills of lading
- 22) Commissions and brokerages
- 23) Sublet
- 24) Protective clauses:
 - i. Paramount clauses
 - ii. New Jason clauses
 - iii. Both to blame collision clauses
 - iv. Strikes clauses
 - v. War risk clauses
 - vi. Ice clauses
 - vii. P&I bunkering clauses
 - viii. Oil pollution clauses
- 25) Additional clauses:
 - i. Lightering
 - ii. Tallying
 - iii. Dues and taxes
 - iv. Stevedore damages
 - v. Deck cargo
 - vi. Hold cleaning
- 26) Signature

It must be mentioned that, except from the above terms, in a charter party there are more terms that refer to the adjustment of less important matters. The most common voyage charter parties in tanker shipping are the below:

- GENCON
- WELCON
- BALTCO
- POLCOALVOV
- SOVCOALVOV
- SCANCON
- NUVOY

All the above charter parties belong to BIMCO and refer exclusively to voyage charter. A very common and well know charter party for tankers is the SHELLVOY 5 which belongs to the well known oil company, SHELL.

II) Time charter party. In time charter parties it is of great of importance the time of chartering and the obligations that come out of this. It is less important the amount of the transported cargo, which leads to lack of variety of charter parties.

The interfering sides do have the right to negotiate the contract, but is common practice for them to use a standard type of charter parties, which contains the below terms:

- i. Place that contract was signed
- ii. Date of charter party
- iii. Names and domiciles of contracting parties
- iv. Vessels' description
- v. Vessels' condition
- vi. Owner's provisions
- vii. Charterer's provisions
- viii. Delivery and redelivery of the vessel
- ix. Bunker supplies
- x. Hire and financial matters
- xi. Off hire periods
- xii. Vessel's performance
- xiii. Vessel's maintenance
- xiv. Cargo claims
- xv. Master and crew
- xvi. Sailing orders and logbook
- xvii. Pollution
- xviii. Salvage
- xix. Lightering
- xx. Arbitration
- xxi. Lien
- xxii. Sub chartering
- xxiii. Exemptions-exceptions
- xxiv. Requisition
- xxv. Bill of lading
- xxvi. Stevedore damages
- xxvii. Commissions-brokerages
- xxviii. Protective clauses, which include the below:
 - Paramount clauses
 - General average
 - Both to blame collision clause
 - War risk clause
 - Ice clause
 - Deviations
- xxix. Additional clauses/side clauses/riders, which include the below:
 - Dues and taxes
 - Extra insurance clause/fumigation clause
 - Painting option clause
 - Tank cleaning
- xxx. Signature

It must be mentioned, that as far as it concerns trip time charter, there are no exclusive standard charter parties. So, charter parties that have been adjusted to the needs of each trip time charter are used.

The most common of these charter parties are BIMCOs' charter parties (Baltimore 1939, Linertime and Gentime. However, ASBAs' has also a very common charter party, the NYPE 93.

III) Bareboat charter party. The standard charter parties for the bareboat charter that are used in maritime market are very few because the type of that charter is too rare and it is a charter that it is only used in tanker vessels.

Most of the clauses of a bareboat charter party are similar with the time charter party clauses, but there are some extra clauses which specifically refer to that type of chartering.

The most important clauses of a bareboat charter party are the below:

1. Place that contract was signed
2. Date of charter party
3. Names and domiciles of contracting parties
4. Vessels' description
5. Period of employment
6. Intended trade limits
7. Transported cargoes
8. Delivery and redelivery of the vessel
9. Vessels' condition
10. Vessels' maintenance
11. Inventory
12. Vessels' management and operation
13. Hire
14. Lien
15. Insurance
16. Salvage
17. Non lien
18. Indemnity
19. Sub chartering and charter sale
20. Requisition
21. Bank guarantee
22. War risk clause
23. Dispute resolution
24. General average
25. Contract of carriage
26. Mortgage
27. Bareboat charter of a new building vessel
28. Hire-purchase agreement
29. Termination and repossession of charter
30. Commissions
31. Signature

The most common standard bareboat charter party is the Barecon 89, of BIMCO. As far as it concerns the international oil companies, most of them have created and use their own charter parties (Shell=Shelltime and Shellvoy, Mobile=Mobiltime, BP=BPvoy).

III) Consecutive voyages charter party. Consecutive voyages charter parties are met in tanker market. Examples of these charter parties are the Shellconsec of Shell and Caltexconsec of Caltex. The charter party that is most frequently used is the Interconsec 76.

The clauses that are included in these charter parties are significantly less than the other types of charter parties. The most important clauses are listed below:

- a. Duration of charter
- b. Late payment of freight
- c. Laydays and cancelling
- d. Backhaul voyages
- e. First voyage loading range and last voyage discharge range
- f. Distance made good in ballast conditions
- g. Short ballast voyages
- h. War risk clauses

IV) Contract of affreightment. Contract of affreightment chartering consist a mixed type of chartering, which allows to the interfering sides to draft it with two separate ways. In first way, which is the most complicated, contract of affreightment is used as base of the agreement and it is connected with a voyage contract. In second way, which is simplest that the first, a contract of transportation is used, that fully covers all the demanding clauses that are needed in order to execute voyages.

The most important clauses of a standard contract of affreightment are the below:

1. Subject of contract
2. Place that contract was signed
3. Date of contract
4. Names and domiciles of contracting parties
5. Period of contract
6. Cargo
7. Quantity of cargo and loading schedule
8. Loading and discharge places
9. Description and nomination of vessels
10. Laydays and cancelling
11. Freight
12. Demurrages and dispatches
13. Incorporation of charter party
14. War cancellation clause
15. Commissions
16. Law and arbitration
17. Interruption of charter

The most common standard charter party of contract of affreightment is the Intercoa 80, of Intertanko, which has an implementation in the international tanker market. It must be mentioned that this charter party can be used as a steering contract and is connected with a voyage charter party.

CHAPTER 7

7.1 What is a tanker vessel

Oil tanker is designed for the bulk transport of oil. Basic types of tankers include crude tanker and product tanker. Crude tanker transports unrefined crude oil from extraction locations to refineries while product tanker ships refined products to points close to consuming markets. Tankers are generally categorized by size, e.g., Panamax, Aframax, Suezmax, VLCC, and ULCC. Tanker shipping provides an economical and convenient way to transport liquid bulk for international seaborne trade.

7.2 Tanker vessels link with the global economy

Many maritime economists believe that the supply of tanker shipping operates under perfect competition is characterized by several conditions. The first feature is number of shipping service providers. There are a number of ship owners that own tankers that provide identical shipping services. The second characteristic is the availability of information. In the tanker market, information on freight rate can be searched via such means as the Baltic Index. Hence, shipping service providers are unable to manipulate the price. Obstacles to entry to and exit from the industry exist but these challenges can be managed. Entry barriers, such as government regulations, economic factors, and marketing condition, are not present in the tank shipping industry. On the one hand, huge capital investment is needed to acquire ships (new ships from the new building market or second-hand ships from the sales and purchase market) to enter the industry. On the other hand, shipping firms may withdraw from the market by selling their assets (i.e., ships) in the second-hand vessel sale and purchase market.

In 2010, the tanker trade volume reached to 2,767 million tons due to growth in demand for energy commodities. The increased cargo volume in the tanker market leads shipping firms to adjust their supply by building new ships in the new building market, and acquiring second-hand vessels in the sale and purchase market. In tanker shipping, price level (i.e., freight rate) is influenced by the market (i.e., demand for shipping service and supply of shipping service).

7.3 Tanker chartering

The act of hiring a ship to carry cargo is called chartering. Tankers are hired by four types of charter agreements: voyage charter, the bareboat charter, and contract of affreightment.

In a voyage charter the charterer rents the vessel from the loading port to the discharge port. In a time charter the vessel is hired for a set period of time, to perform voyages as the charterer directs.

In a bareboat charter the charterer acts as the ship's operator and manager, taking on responsibilities such as providing the crew and maintaining the vessel.

Finally, in a contract of affreightment or COA, the charterer specifies a total volume of cargo to be carried in a specific time period and in specific sizes, for example a COA could be specified as 1 million barrels (160,000 m³) of JP-5 in a year's time in 25,000-barrel (4,000 m³) shipments. A completed chartering contract is known as a charter party.

One of the key aspects of any charter party is the freight rate, or the price specified for carriage of cargo. The freight rate of a tanker charter party is specified in one of four ways: by a lump sum rate, by rate per ton, by a time charter equivalent rate, or by World scale rate. In a lump sum rate arrangement, a fixed price is negotiated for the delivery of a specified cargo, and the ship's owner/operator is responsible to pay for all port costs and other voyage expenses. Rate per ton arrangements are used mostly in chemical tanker chartering, and differ from lump sum rates in that port costs and voyage expenses are generally paid by the charterer. Time charter arrangements specify a daily rate, and port costs and voyage expenses are also generally paid by the charterer.

The Worldwide Tanker Normal Freight Scale, often referred to as World scale, is established and governed jointly by the World scale Associations of London and New York. World scale establishes a baseline price for carrying a metric ton of product between any two ports in the world. In World scale negotiations, operators and charterers will determine a price based on a percentage of the World scale rate. The baseline rate is expressed as WS 100. If a given charter party settled on 85% of the World scale rate, it would be expressed as WS 85. Similarly, a charter party set at 125% of the World scale rate would be expressed as WS 125.

7.4 World scale indicator

The world scale indicator describes the fluctuations of the instant freight for the oil tankers. The creation of that indicator was the result of the great need to find a way to describe the market. Because of the great number of tanker voyages, the plain mention of these freights in these voyages in \$/tn would not help the market. For example on a voyage that last twice longer than another, someone would expect that this difference will also be different in instant freights.

For the description of the market the method of validation of a representative ship owner is used. Through that method there a calculation of an instant freight, big enough, in order for the ship owner to keep his vessel operational. So, for a specific voyage and for the prices of the fuels and other expenses, freight is calculated (\$/tn of cargo), which would have covered the expenses of the voyage.

That freight is called basic freight of voyage. The price of that freight is changing frequently due to calculations and estimations that are executed in short periods of time. Through these calculations the price of the freight for all the main oil tanker routes is placed. In that point it should be mentioned that in specific routes that are not included in the main routes, the freight comes out through the price of the fuel in the period of time that the voyage will be executed.

7.5 Institutional structure of tanker charter

In tanker charter market, oil companies, charter and hire vessels to cover their transporting needs. While in the late 20th century most of the tankers were held by oil companies, in nowadays only the 25-30% of them belongs to those companies. The rest of the transporting needs are been covered by separate and independent ship owners (80-90% with time chartering and 10-20% with voyage chartering). An independent ship owner, as per maritime vocabulary, is the one who has no transporting needs of their own.

The large number of the independent ship owners is a result of the initiative of the oil companies to hire vessels rather than build or buy vessels of their own. This is the result of the strict financial policy that every major oil company works with.

Another reason why large oil companies prefer to charter or hire vessels from independent ship owners is the fact that ship owners can provide personnel with great experience and with a small financial cost.

Moreover oil companies do not prefer to have vessels of their own because of the unbalance between their distillation and productive ability. That unbalance causes the need for the transportation of oil from one company to another. That transportation is executed by independent ship owners.

7.6 Seaborne trade

Seaborne Trade Shipping firms provide global shipping services transporting cargoes to meet the demand for sea transport services. Generally speaking, carriage of goods does not take place unless there is a need for cargoes to be delivered from production to consumption areas. Demand for tanker shipping services is derived from the trade between buyers and sellers in the energy trade market.

As demand for tanker shipping service is a derived demand, seaborne trade is a crucial variable in tanker shipping market. Previous studies have suggested the positive association between seaborne trade and freight rate. Change in freight rate is influenced by seaborne trade volume . In the tanker shipping market, freight rate is an important indicator for shipping firms to conduct their business. When the volume of seaborne trade goes up, demand for sea transport services will rise. The excessive demand for shipping services will lead to the upward trend of freight rate.

Freight rate also affects the decision of tanker shipping firms to adjust their fleet size and hence increase their supply in the tanker market. High freight rate stimulates growth in world fleet.

7.7 Freight rate

The freight market is a place where buyers and sellers are brought together to trade sea transport services. The demand for and supply of tanker shipping services interact with each other to determine freight rate. Due to the nature of derived Tanker Shipping demand, demand for sea tanker shipping services depends on the seaborne trade volume.

On the other hand, supply of shipping service is inelastic in the short run. Excessive supply of shipping capacity not only causes reduction in freight rate but also extra operational cost to lay up ships. On the other hand, shortage in ships leads to an increase in freight rate to motivate shipping firms for adjusting their shipping capacity. Although trade volume grows in the past decades, shipping firms may make their investment decision only when they expect that future freight rate will increase. However, it may take a few years for shipping firms to take delivery of new ships if they decide to increase their shipping capacity.

CONCLUSION

The modern trade owes its globalization to the massive transportation of goods, from one place of the earth to another, via sea routes. This international transportation has contributed to the expansion of the world trade but also to the economical and political growth of humanity. A global sea trade possesses 90% of the international transportation of goods.

The transported goods are separated into three basic categories which are bulk (Sugar/Iron, etc.), liquid (Crude Oil, Gasoline, etc.) and vapors (Liquefied Petroleum Gas/Liquefied Natural Gas). As a result, the conditions of their production and trade are reflected on the written contracts and define the special kinds of chartering.

The written chartering contract is the agreement for the transportation of specific goods from a place to another. This agreement commences either straight between the interested party and the ship owner, or between the manager of the vessel and the charterer, or via the ships brokers. This agreement is the Charter party agreement.

Charter parties and bills of lading consist the basic areas of interest of the maritime activity that refer to the way that vessels transport goods around the world. It is clear that chartering is one of the greatest and more neuragical sectors of maritime industry. For this reason, the complete involvement with maritime chartering premises has not only practical but also theoretical grounding.

Through this dissertation, there is an extended reference to basic principles of the Maritime Law, Chartering and their role in shipping. Furthermore there is an attempt to introduce and explain the complex, but interesting and vital issue of chartering with a special reference to tanker vessels.

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