

Common Charter Party Terms

A ship employment contract between a ship owner and a charterer is called a charter party. A charter party is legally enforceable and there are several standard ones available, depending upon the trade and/or cargo.

A ship broker should use the one that is the most relevant when fixing a vessel for employment.

There are several organisations that design and publish charter parties and these include the Baltic and International Maritime Council (BIMCO) and the Association of Ship brokers and Agents (ASBA).

When dealing with charter parties there are several customary terms and abbreviations that a ship broker should know. Some of these are listed below:

AA - Always Accessible: requires the charterer to secure a berth that is able to be reached by a vessel immediately on arrival. Can sometimes mean Always Afloat: when a vessel is at berth she will never touch bottom at any time during her stay in berth.

AAAA – Always Accessible Always Afloat: sometimes used to describe a safe berth.

APS - Arrival Pilot Station: signifies a location where the vessel will be delivered on to a time charter. It signifies the start of the charter.

BB – Below Bridges: indicates an agreement in a charter party where a vessel may have to go below overhead obstructions to reach a port and/or berth.

BB – Ballast Bonus: a lump sum amount paid to a ship owner for placing his vessel at a certain place as a pre-requisite for her delivery on to time charter. An example of this would be when the charterer agrees to pay the ship owner the expenses to sail from, for instance, Port Klang to Singapore to start a new charter. The last charter finished at Port Klang.

BBB – Before Breaking Bulk: freight to be paid before commencing discharge, after the vessel arrives at the discharge port.

BWAD – Brackish Water Arrival Draft: the draft for the density of water between 1000 kg/cum and 1025 kg/cum, in ports where the water is brackish.

C&F – Cost and Freight: goods are sold on the premise that the seller arranges transport for the main transport leg or the sea leg.

CD – Chart Datum: height of the water level above the sea bed as shown on the chart. Normally when the height of tide is 'zero' this occurs at the lowest astronomical tide (LAT); see figure 3.1.

CD/CQD – Customary (Quick) Despatch: vessel to be loaded and discharged as quickly as is customary and possible.

CHOPT – Charterer's Option to, for e.g., discharge at one or more ports or to load 10,000 tonnes of cargo, plus or minus 10%.

CIF – Cost, Insurance & Freight: goods are sold on the premise that the seller arranges transport and insurance for the main transport leg or the sea leg.

COA – Contract Of Affreightment: a method of ship employment (see 3.2.5.)

CVS – Consecutive Voyages: a series of consecutive voyages from Port A to Port B, returning in ballast to port A until final cargo discharge at Port B.

DFD – Demurrage/Free Despatch: an expression indicating that if the demurrage rate as negotiated is USD 1000/- per day, despatch if applicable is not payable.

DHD – Demurrage/Half Despatch: an expression indicating that if the demurrage rate as negotiated is USD 1000/- per day, despatch if applicable would be USD 500/-.

DOP – Dropping Outward Pilot: signifies a specific point where the vessel is handed back to the ship owner or the milestone that indicates when charter hire will be terminated in a time chartering contract.



DLSOP – Dropping Last Outward Sea Pilot: similar to DOP but in this case charter hire will cease when the last outward sea pilot is dropped.

DWAT – Deadweight all told: this means that total deadweight at any time, for that draft, includes cargo, fresh water, fuel etc.; that is, the total weight that the vessel is carrying.

DWCC – Deadweight cargo capacity: total amount of cargo that can be loaded for a particular draft.

EIU – Even if used: signifies that time spent on cargo working in excepted periods, for e.g. a holiday, will not count towards laytime even if used (for e.g. SHEX EIU indicates that Sundays and holidays do not count towards laytime even if used).

ETA – Estimated time of arrival.

ETC – Estimated time of commencement or estimated time of completion.

ETD – Estimated time of departure.

ETS – Estimated time of sailing.

FAC – Fast as can: vessel to be loaded and discharged with its gear as fast as can be managed.

FAS – Free alongside ship: goods to be brought alongside the carrying vessel at the port of loading, free of expense to the carrier.

FCA – Free Carrier: cargo to be delivered to the charge of the carrier at a place nominated by the buyer or carrier.

FCL – Full Container Load

FD – Free Despatch (see DFD).



F(DF)EDVACLONL – Freight (Deadfreight) Deemed Earned on Departure, Vessel And Or Cargo Lost Or Not Lost: This expression indicates freight is earned once the ship departs, whether or not the ship and/or cargo are lost

FIO – Free In And Out: loading and discharging expenses free of cost to the carrier.

FIOS – Same as FIO but in this case cargo is to be stowed properly, free of cost to the carrier.

FIOST – Same as FIO but the cargo must be stowed and trimmed to the requirements of the carrier, free of expense.

FIOSTP – Free In And Out Spout Trimmed: the same as above but cargo to be spout trimmed too, when loading is done through a spout, free of expense to the carrier.

FHEX – Fridays And Holidays excepted: Fridays and holidays do not count towards laytime.

FHINC – Fridays And Holidays Included: Fridays and holidays count towards laytime.

FOB – Free On Board: cargo to delivered free on board to the carrier or buyer.

FOW – First Open Water: refers to the earliest time in summer when vessels can enter ports or areas that were closed due to ice in the winter.

FOQ – Free On Quay: goods to be brought to the port of loading quay, free of expense to the carrier.

FOW – Free On Wharf: goods to be brought to the port of loading wharf, free of expense to the carrier.

FP – Free Of Pratique: vessel is cleared for entering port without undergoing inspection by the host country's health authority.

FWAD – Fresh Water Arrival Draft: a term that indicates the depth of a vessel below water when floating in fresh water, in ports where the water is fresh.

Gross Terms – The carrier pays for all cargo handling (loading, discharging, stowing etc.).

HAT – Highest Astronomical Tide(see figure 3.1.)

HWOSt – High Water on Ordinary Spring Tides (see figure 3.1.)

IWL – Institute Warranty Limits: geographical limits to trading areas, drawn up and imposed by underwriters. If owners want to trade their vessels outside these limits they will be required to pay additional insurance premium and seek permission from their underwriters.

LAT – Lowest Astronomical Tide (see figure 3.1.)

L/C – Letter of Credit: a method of payment in international trade (see 2.3.4.)

L/C - Laydays/Cancelling: a spread of dates for a vessel to present itself for loading at the start of a charter. An example of this would be 15 Dec/31 Dec, which would mean that the vessel should present itself for loading/start of charter between the 15th December to the 31st of December, both days inclusive.

LCL – Less than Full Container Load.

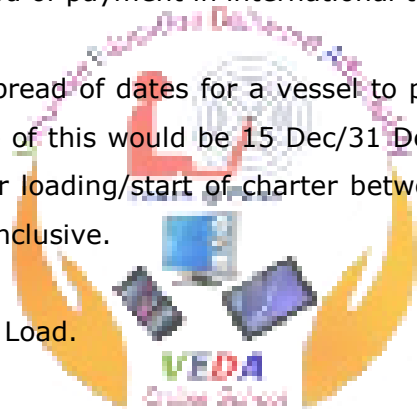
Liner Terms – The responsibility and cost of loading, carrying and discharging cargo is on the carrier, from the moment the goods are ready for loading and are placed alongside the loading vessel. The carrier's responsibility ends only after the goods are discharged on the wharf/quay/berth at the discharge port. All cargo handling risks are to the carrier's account.

LT – Long Ton, the imperial ton.

LWOSt – Low water ordinary springs (see figure3.1).

MHWS – Mean High Water spring (see figure 3.1).

MLWS – Mean low water springs (see figure 3.1).



MHWN – Mean high water neaps (see figure 3.1).

MLWN – Mean low water neaps (see figure 3.1).

Min/Max – Minimum/Maximum: refers to a fixed cargo size, for e.g. 10,000 tons min/max. This is, normally used for packaged cargoes.

MOL – More or less: refers to a cargo size option, say 10,000 tons MOL, five percent; normally used for bulk cargoes. The option could be to the charterers or to the owners as negotiated.

MOLCO – More or less charterer's option.

MOLOO – More or less owner's option.

MT – Metric tonne: a tonne of 2204 pounds or 1000 kilograms.

NAABSA – Not always afloat but safely aground: allows the vessel to be at a port where she may not at all times be afloat, but could be safely aground, as the bottom is soft mud, provided the ship owner agrees to this term in the contract. This ensures that the vessel will not suffer hull damage.

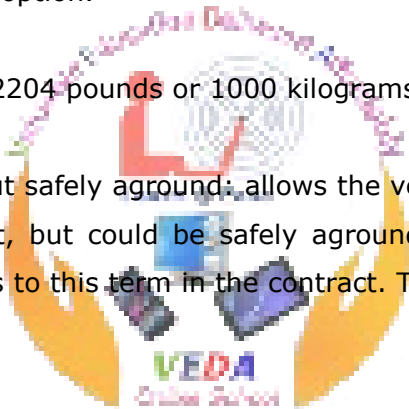
NAV limits – same as IWL.

Neap Tides – Where the tidal range is low, the high water at neap tide is lower, while the low water is higher; the tidal range, that is the difference between high and low water, is at its lowest (see figure 3.1.)

Nett Terms – All cargo handling is to the account of the cargo seller.

NOR – Notice of readiness: a letter given in writing by the Master (voyage charters), that the vessel is in all respects ready to load or discharge cargo. Laytime commences after NOR is tendered.

PPT – prompt: indicates that a vessel or cargo is available promptly.



ROB – Remaining on board: could refer to fresh water, fuel or stores.

Ro/Ro – Where the method of loading and discharging cargo is by driving in and out.

SA – Safe anchorage: means an anchorage from or to which a vessel can arrive, remain and depart during the relevant period of time, without some abnormal occurrence, or without being exposed to danger that can be avoided by good navigation and seamanship.

SB – Safe berth: similar to safe anchorage.

SHEX – Sundays and holidays excepted: Sundays and holidays do not count towards laytime.

SHINC – Sundays and holidays included: Sundays and holidays count towards laytime.

Sous Palan – This is the term given when Saturdays are included in the terms SHEX or SHINC; in such cases SHINC and SHEX are written as SSHINC or SSHEX as appropriate.

SP – Safe port: similar to safe anchorage.

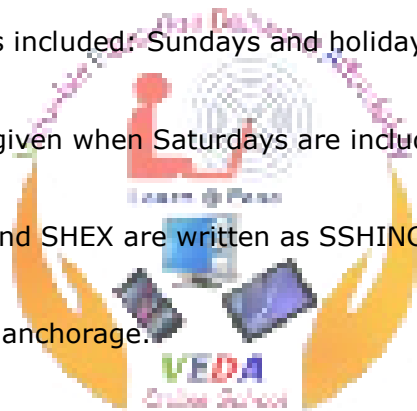
Spot – Indicates that a vessel or cargo is immediately available for employment or transportation as appropriate.

Spring tides - Where the tidal range is high, the tidal range, that is the difference between high and low water, is at its maximum (see figure 3.1.)

Stem – Refers to the cargo being ready for transport and therefore for loading onto a vessel.

SWL – Safe working load, refers to safe lifting capacities of a vessel's cargo gear.

SWAD – Salt water arrival draft: a term that indicates the depth of a vessel below water when floating in salt water.



T/C – Time Charter, a method of ship employment (see 3.2.3.)

TIP - Taking inward pilot: signifies a location, when a ship delivers on to her time charter. It signifies the start of the charter as was APS, but this term offers the charterer an advantage as pilotage delays are to the ship owner's account.

Under Hook – Cargo to be brought alongside the carrying vessel, free of expense to the cargo buyer or carrier.

WCCON – Whether Customs Cleared Or Not: states that NOR can be tendered whether the vessel has cleared customs or not.

WIBON – Whether In Berth Or Not: states that NOR can be tendered whether the vessel is in berth or not in berth.

WIFPON – Whether In Free Pratique Or Not: states that NOR can be tendered whether the vessel is in free pratique or not.

WIPON – Whether In Port Or Not: states that NOR can be tendered whether the vessel is in port or not in port.

W/M – Weight or measure: the method of charging freight for liner cargo, either by weight or by volume.

W/P – Weather permitting: means that that time during which weather prevents work shall not count as laytime.

WW – When and where ready: refers to a position where a vessel will be handed over to buyers or delivered/redelivered off time charter.

