



**TPR**  
Department of Transport and Regional Economics  
University of Antwerp

05/09/2017



**BNP PARIBAS**  
**FORTIS**

# Demurrage en detention

5 september 2017



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Department of Transport and Regional Economics  
University of Antwerp



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**FORTIS**

# WELKOM

## Martine Hendrickx

*BNP Paribas Fortis - Project Manager*

*Corporate Social Responsibility*



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# MODERATOR

Christa Sys

*Holder BNP Paribas Fortis Chair Transport, Logistics  
and Ports | C-MAT*



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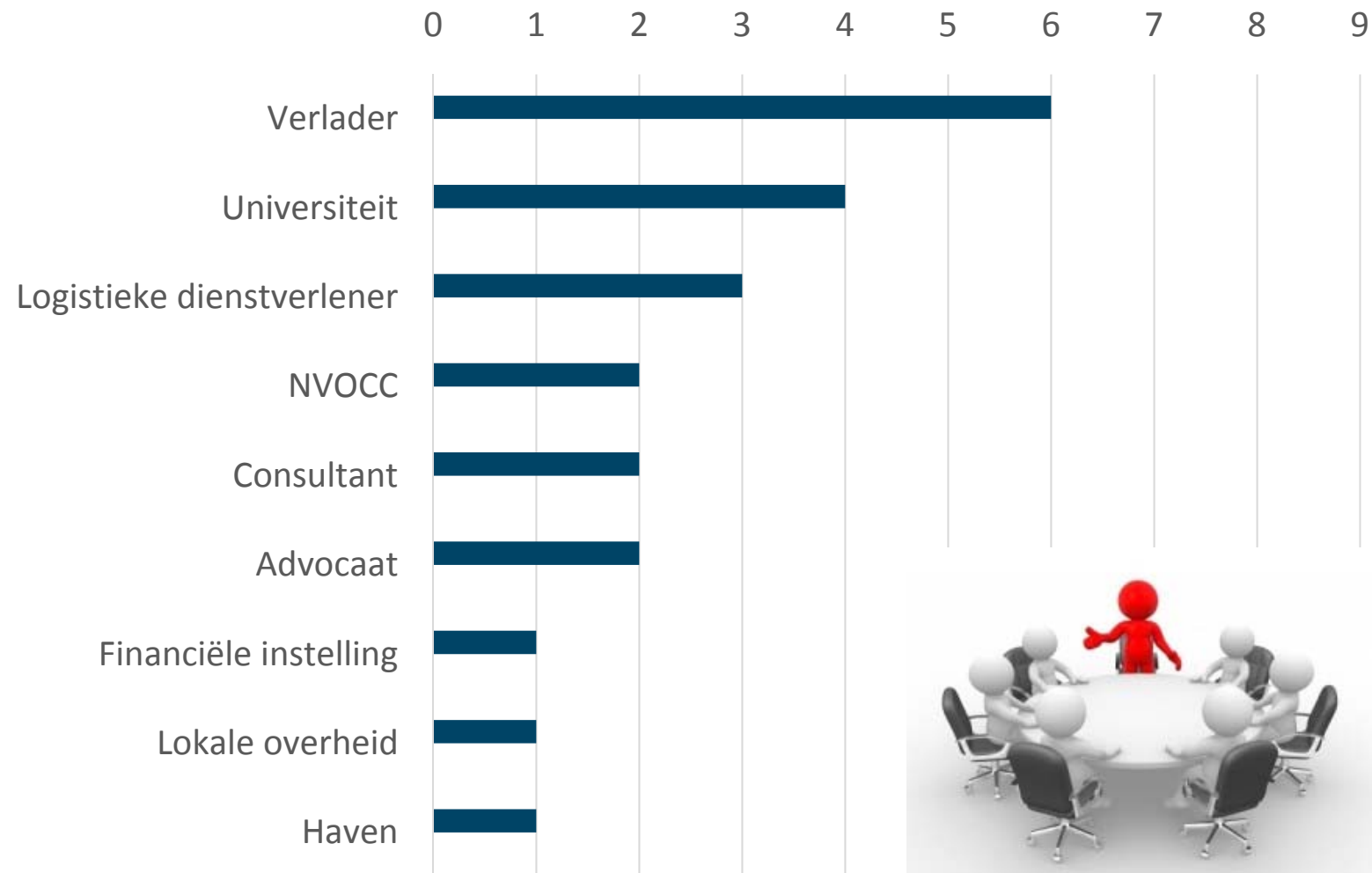
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# Programma

- 10:00 – 12:00: Demurrage en detention (container)
- 13:00 – 14:45: Demurrage en despatch (C/P)**
- 15:15 – 17:00: Demurrage en detention (container)



# Voorstellingsronde



Doel

Sharing knowledge  
Discussing solutions  
Networking

# LAYTIME AND DEMURRAGE

Jeroen Visser, Rotterdam Mainport University  
Jean Paul Dezutter, Demurrage Desk



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# Laytime and demurrage

Jeroen Visser

Antwerp

5 september 2017



# Contents



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- Spot charter case
- Voyage chartering
- Define Laytime
- Define Demurrage
- Charterparty
- Q/A

# Spot Voyage Charters



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## Case

END Trading, requesting a quotation for :

- Product : BUTADIENE
- Quantity: 2500 mts +/- 5% moloo
- Load port: Brindisi
- Disch port: Rotterdam (on barges at receivers account)
- Laycan: 5/7 December
- Temp: at load: fully ref  
at disch: ambient

- **Position of Competitor**

# Interest means CALCULATE



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- **Cost price**
  - **Fixed cost + variable cost**
  - **Break-even price around usd 125 pmt**
- **Market price**
  - **Cost price +/- margin**
  - **Market today is usd 165 pmt**
- **Price offered**
  - **Usd 175 pmt (gives room to negotiate)**

# Full Offer



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**Owners:** Liquid Chartering BV for and on behalf of owners  
**Vessel:** Core Millera  
**Cargo:** 2500 mts 5 pct Moloo Butadiene  
**Loadport:** Osp/b Brindisi  
**Dischargeport:** Osp/b Rotterdam  
**Laycan:** 6 – 10 December  
**Laytime:** 60 hrs ttl shinc  
**Freight:** usd 175 pmt  
**Demurrage:** usd 16.500 pdpr  
**Last cargo:** Butadiene and/or Butene 1 and/or Propylene and/or Lpg  
**Presentation:** - If last cargo Butadiene: under last cargo vapours  
- If Propylene or Ethylene or LPG or Crude-C4 or Butene-1:  
Under N2, ready for gassing-up. Time for gassing-up for  
owners account. Cost for gassing-up for Charterers account  
**Commission:** 2p ct ttl to Serna, on freight / deadfreight / demurrage  
**C/P:** Asbatankvoy  
Owners agents bends

C/P Asbatankvoy logically amended for gas

Part I

- K) Gen Avg/Arb London / English Law to apply
- L) TOVALOP, delete and insert; 'Owners to have P and I protection against pollution'.

Part II

- 01) line 5, delete 'and heater coils'.  
line 8, delete 'petroleum and/or its products' and insert 'as stipulated in part E'.
- 02) line 6, delete 'petroleum'.
- 03) line 1, delete 'a full cargo' and insert 'the cargo as stipulated in Clause E'
- 08) line 1, delete 'hour' insert 'day'.
- 10) line 4, delete entire sentence starting 'if required by Charterer...'.  
line 11, delete entire sentence starting 'if cargo is loaded...'
- 13) delete in full
- 18) line 3, delete 'oil' and insert 'cargo'.
- 20) iii/line 1, delete '1950' and insert '1994'.
- 26) delete in full and insert 'to have P and I protection against pollution'.

**Sub further terms / details**

**end offer which is valid for reply latest by 14:00 hrs today**

# Negotiations



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Vessel Core Millera - oos

**Vessel will be screened by Vetting Department**

Lay can: 6-9 December

**9th December (not later !)**

Freight: Usd 167.50 pmt

**First COUNTER at USD 160 pmt**

Demurrage: Usd 16,500 pdpr

**First COUNTER at USD 16,000 pmt**

Present:     - If last cargo Butadiene: under last cargo vapours  
               - If Propylene or Ethylene or LPG or Crude-C4 or Butene-1:  
                  Under N2, ready for gassing-up. Time for gassing-up for  
                  owners account. Cost for gassing-up for Charterers account.

**REQUEST FOR LAST CARGO BUTADIENE**

Owners agents bends (means both ends)

**CHARTERERS AGENT**

# Fixture



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All negotiations were concluded

The vessel is now “ON SUBS”

a “CLEAN FIXTURE” will follow once all details are checked

Thereafter Operations Dept will give instructions to the vessel

# Voyage chartering

- Owner
  - Management
    - Maintenance
    - Crewing
  - Bunkers
  - Port charges
  - Appointment of agents
  - Safety of the ship
  - Navigation
- Charterer
  - Provide full and complete cargo
  - Pay Freight
  - Loading/Discharge
  - Pay demurrage or receive despatch
- Forms (50)
  - Gencon
  - Tailor made



# Laytime

- The time permitted in the contract for loading and/or discharging a voyage chartered ship
  - CI 5 a Gencon: Loading and discharging is the responsibility of the charterer
  - Importance: Can make the trip unsuccessful
  - Source of conflicts

# Demurrage



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- Demurrage
  - Fixed sum to be payed by charterer for exceeding the time allowed
  - Matter of negotiation (often related to current time charter value)
  - Once on demurrage always on demurrage
- Despatch

# Charterparty



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- Proof of a charter agreement
  - Obligations of the charterer and the owner
- Standard contracts
  - No disagreement about details
  - Based on experience
  - Often put together by non- governmental organizations (NGO)
    - [www.bimco.org](http://www.bimco.org)

# Applicable rules

- No imperative law
  - Freedom of contract
- Read the .... charterparty!!!
- English Law
  - Choice of applicable law
  - Case law
  - BIMCO guidelines
- Choice for forum
  - Arbitration

# 7 steps calculation

- 1 Read the Charterparty (C/P)
- 2 Obtain Statement of Facts (SOF)
- 3 Determine available laytime (C/P)
- 4 Determine commencement (C/P and SOF)
- 5 Determine Interruptions (SOF and C/P)
- 6 Establish when laytime will cease (C/P en SOF)
- 7 Calculate demurrage/despatch (C/P Timesheet)

# Statement of facts



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- Produced by portagent
  - Forwarded to principal
- Signed by:
  - Master
  - Portagent
  - Shipper/Receiver

# Laycan



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- a ship chartering term which stands for laydays commencement and cancelling; specifies the earliest date on which laytime can commence and the latest date, after which the charterer can opt to cancel the charterparty

# Laytime



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- Possible clauses
  - “Cargo to be loaded within **5 *weather*** working days of **24 *consecutive*** hours”
  - “Five ***working days*** weather permitting for ***all purposes***”



# Commencement Laytime



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- Notice of Readiness (NOR) overhandigd aan charterer
  - WIBON
  - WIFPON
- If actual loading starts before commencement of laytime
  - Sometimes “half time to count”

# Interruptions laytime

- Strikes
- Weekends and Holidays
  - SHEX/SHINC
- Breakdowns
  - Ship
  - Shore
- Weather
  - weather working days
  - weather permitting

# Cessation



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- Loading completed
  - Lashing/trimming/securing

# Demurrage/Despatch



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- Calculated per hour/day
  - ...\$ per day or pro rata per part of the day

**Loading RAFNES**

Laytime No . . . . . L00033

Fixture . . . . . F000021

Charterers . . . . . 2110 Hydro Polymers AS

Commodity Name . . . . . Caustic Soda Sol...

Clause . . . . . Reversible

Vessel Name . . . . . Clipper Karina

Cargo quantity . . . . . 10.570,3760 Mt

Loading rate . . . . . 400,00 Mt...

Demurrage rate . . . . . 14.500,00

| Description           | LineType | Date     | Time  | Minutes used | Time Used | Rate   | Counting... | Error Message       |
|-----------------------|----------|----------|-------|--------------|-----------|--------|-------------|---------------------|
| ▶ Arrived             |          | 13-07-06 | 9:00  |              |           | 100,00 |             |                     |
| NOR tendered          |          | 13-07-06 | 11:05 |              |           | 100,00 |             |                     |
| Anchored              |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| Laytime commences     |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| Anchor aweigh         |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| All fast              |          | 13-07-06 | 11:05 |              |           | 100,00 |             |                     |
| Tanks passed          | Start    | 14-07-06 | 2:50  |              |           | 100,00 |             |                     |
| Hoses connected       |          | 14-07-06 | 3:10  |              |           | 100,00 |             |                     |
| Commenced deballast   |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| Complete deballast    |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| Loading commenced     |          | 14-07-06 | 3:27  |              |           | 100,00 |             |                     |
| Loading completed     |          | 15-07-06 | 8:55  |              |           | 100,00 |             |                     |
| Discharging commenced |          |          |       |              |           | 100,00 |             | Enter Date and Time |
| Discharging completed |          |          |       |              |           | 100,00 |             | Enter Date and Time |

Laytime expires . . . . . 30-07-06 20:51

DD HH MM

Time allowed . . . . . 2 13 40 2,569

Time used . . . . . 3 20 24 3,850

Time lost . . . . . 1 6 44 1,281

**Demurrage due** . . . . . **18.568,06**

# Q/A



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## Incoterms

- Gelden tussen buyer en seller. Staat los van Charterovereenkomst. Bepalen wel wie de eventuele demurrage gaat betalen.

# Q/A



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Is the laytime an important issue during charter contract negotiations?

- Yes, particularly as we can have a variety of terminals with completely different loading or discharge rates and the opportunity to win or lose on demurrage/dispatch is important.

# Q/A

If laytime is exceeded, do owners always charge demurrage?

- Yes, with out hesitation, but also we are the same as we have time charters and we sub charter them, so once demurrage occurs we charge it.



# Q/A

Is the difference of interpretation of chartering terms between charterer and owner an issue? And if that is the case how is it solved?

- Yes all the time and worst case it goes to arbitration or tried to solve from a commercial point of view. However we do use the BIMCO handbooks to find accepted interpretations of clauses.

# Rol van de terminal?



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Als terminal sluiten we verantwoordelijkheid voor demurrage uit via de Antwerp conditions for storage & handling of liquids doch is dit juridisch sluitend?

- Defaults of stevedores
- Recourse claim charterer

# Q/A



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- Owner wijst een ander schip aan met ander demurrage rate?
- SHINC laten vallen?



# LAYTIME AND DEMURRAGE

- practical viewpoint -

Jean-Paul Dezutter

*Demurrage Desk*



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# Overige discussiepunten

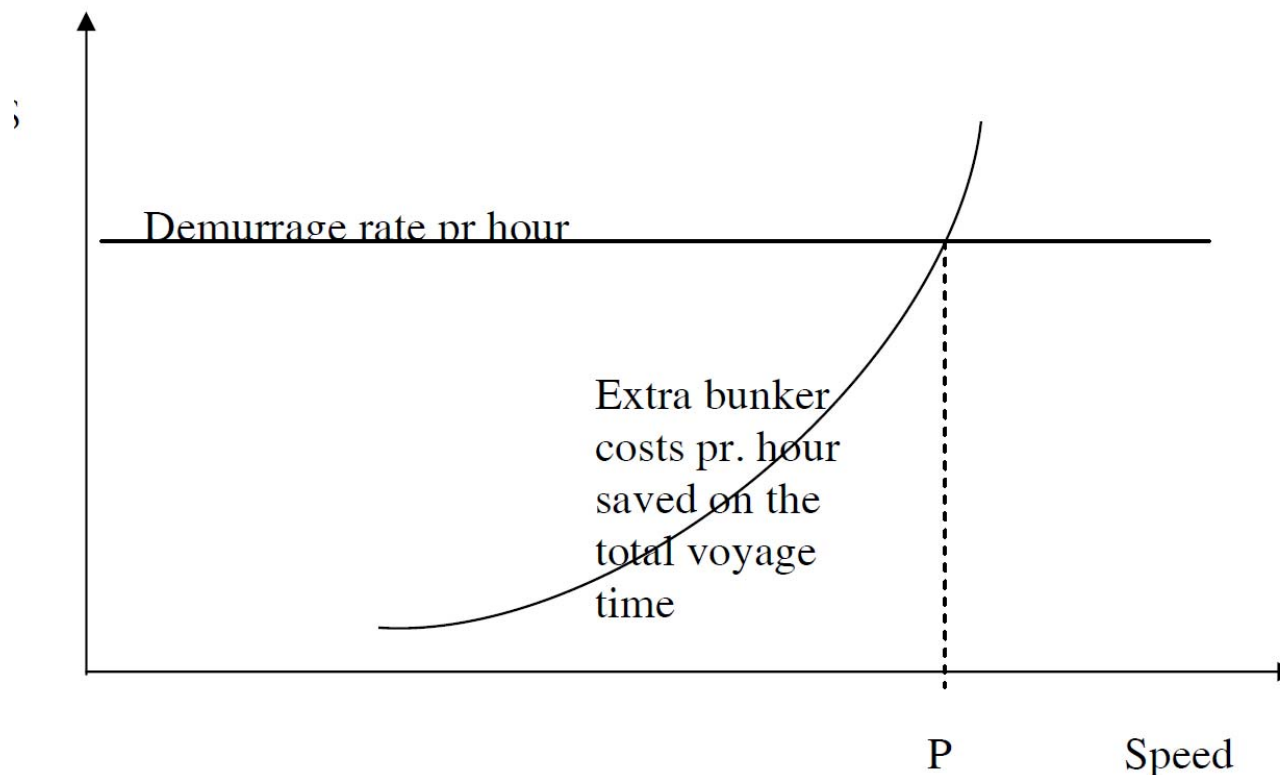
- Nood aan digitalisering?



# Overige discussiepunten

## - Duurzaamheid | D&D – speed

common demurrage rules would be environmental unsound if one would move to systems for queuing in ports that favor slow steaming (Erik Rosaeg, 2010)



En nu...





# Volgende events

21/11/2017 : vierde BNP Paribas Fortis Port Co.Innovation  
Café: integratie van de maritieme supply chain: best  
practices m.b.t. data

Locatie: UA/Hof van Liere

Voorjaar 2018:

Integratie van de maritime supply chain: ...modal  
shift/mental shift: a step forward

Locatie: University of Antwerp/ room tbc

>>Zin om mee te werken aan het onderzoek: [christa.sys@uantwerpen.be](mailto:christa.sys@uantwerpen.be)

# Thank you for your presence

Prof. dr. Christa Sys

BNP Paribas Fortis Chair Transport, Logistics and Ports

C-MAT

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## Laden en lossen in de binnenvaart

Onderhandeling, regelgeving of gebruik?

Christa Sys



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