

Time Chartering

Lecture by Trond Solvang

1. Main features

- 1.1 Owners to perform voyages and keep ship at charterers' disposal
- 1.2 Charterers to give orders of employment, and pay hire

2. Charterers' right of employment, restrictions:

- 2.1 Allowable cargoes (Shelltime clauses 4 and 28)
- 2.2 Trading areas, within restriction of safe ports/places (Shelltime clause 4, see also NYPE 93 clause 5)
- 2.3 Within contract period (Shelltime clauses 4 and 19 line 194)

3. Some dilemmas relating to orders of employment

- 3.1 Distinction between employment and navigation (Shelltime clauses 13(a) and 27, lines 363-365 – the “Hill Harmony”)
- 3.2 Orders to (possibly) unsafe ports/places (eg piracy off Somalia and owners' refusal to sail)
- 3.3 Damage to the vessel and charterers' liability for unsafe port

3. Some dilemmas relating to orders of employment

- 3.4 Orders as to final voyage within period (Shelltime clause 19 line 194 – the “Gregos”)
- 3.5 Employment and issuance of clean bills of lading (Shelltime clause 13 – the “Nanfri”, cf MC § 382)
- 3.6 Breach of time charters and the influence on English contract law
 - 3.6.1 the “Hong Kong Fir”; the “Diana Prosperity”; the “Nanfri”; the “Hill Harmony”; the “Golden Victory”; the “Achilleus”

4. The remuneration

- 4.1 Hire; payment and withdrawal in case of default (Shelltime clauses 8 and 9)
- 4.2 The significance of speed and consumption (Shelltime clauses 24 and 21(b))
- 4.3 Off-hire
 - 4.3.1 Period clause (Shelltime clause 21(a) lines 226-228)
 - 4.3.2 Net loss of time clause (NYPE 93 clause 17 line 226)
 - 4.3.3 Norwegian law: the “Arica”, the “Hindanger” and MC §392
 - 4.3.4 The never ending problem of off-hire, eg when both parties are prevented from performing

5. The ship

- 5.1 Description and seaworthiness (Shelltime clauses 1, 2 and 24)
- 5.2 The condition of the ship at the time of delivery (Shelltime clause 5, MC §§375 and 376)
- 5.3 Owners' maintenance obligation during the charter period (Shelltime clause 3 – the “Hong Kong Fir”)

- 6. Who is to provide and pay for what during the charter period? (Shelltime clauses 6 and 7 – MC §§ 381, 387, cf §378)

7. Cargo documents issued under time charters

7.1 Owners' right of lien (Shelltime clause 5, MC § 391 fourth para)

7.2 Cargo damage and owners' claim for indemnity

- time charterers' responsibilities/"functions" (Shelltime clause 7 line 98, MC §381 third para, ref. also the Jobst Oldendorff, ND 1979.364)

- b/l's issued by shipowners at charterers' request (Shelltime clauses 13 and 38, MC §382, first para)

8. Obstacles to regular performance

8.1 Loss of vessel (Shelltime clause 7, MC §393)

8.2 War (Shelltime clauses 33 and 35, MC §394)