

Recommended Principles for the Use of Parties Engaged in Chartering and Ship's Agency Procedures

(As Supported by the Executive Committee of BIMCO at its Meeting held in Munich in May, 1969)

1. In the conduct of his profession a broker shall exercise great care to avoid misrepresentation and shall be guided by the principles of honesty and fair dealing.
 2. Under no circumstances may a broker avail himself of, or make use of an authority, if he does not actually hold it, neither can he alter the terms of an authority without the approval of Principals concerned.
 3. A broker, when requested to do so, must make it quite clear to others who wish to make him an offer that he has already received one or several firm offers for the particular order or vessel concerned.
 4. No broker has authority to quote a vessel or a cargo, unless duly authorized by Principals or their brokers.
 5. Each party has to respect the channel through which a vessel or a cargo has been quoted to the broker in reply to a request from the party concerned.
 6. An unsolicited offer or proposal does not in any way bind the party which receives it, unless this party takes such unsolicited offer or proposal.
 7. Each party must describe honestly the conditions of availability of a vessel or cargo, namely in specifying whether, according to his knowledge, some reservations are attached to the vessel or the cargo. In such cases reservations should be made quite clear.
 8. The commissions due to the brokers are to be paid in accordance with the terms of the charterparty and must not be retained by either party pending final settlement of accounts or eventually of a dispute in which the brokers have no liability.
 9. **Restrictions:**
 - A – The restriction “subject stem” can only apply to shippers' and/or suppliers' agreement to make a cargo available for specified dates, to the exclusion of any other meaning. In case of stem not granted as required, no other ship can be fixed by Charterers before the one initially fixed “subject stem” has received the first refusal to accept the amended dates and/or quantity, provided they are reasonably near.
 - B – The restriction “subject open” or “subject unfixed” can only apply when a vessel or a cargo is already under offer, once only, for a limited time, and the “subject open” offer must be made with the same time limit. No extension can be granted, no further negotiation can take place until the time limit has expired or until both offers have been answered.
 - C – Any other “subject” to be clearly stipulated and limited and to be eventually properly justified.
 10. **The Chartering Conditions** are hereunder described:
 - A – **Dry Cargo:** Names and Domicile of contracting parties.
 - Name of the vessel, flag, class and specifications.
 - Ports and berths of loading and discharging.
 - Laydays/Cancelling dates.
 - B – **Oil Charterparty:**
 - Same as for dry cargo except:
 - Laytime allowance all purposes.
 - Rate of freight (plus or minus “WORLDSCALE” or any other internationally recognized scale).
 - C – **Time Charter:** Names and domicile of contracting parties.
 - Name of vessel, flag, class and main specifications.
 - Places of delivery and re-delivery.
 - Date of re-delivery or period.
 - Intended trade and trading limits including exclusions.
 - Quantity and type of bunkers on board on delivery and re-delivery.
 - Price of bunkers.
 - Rate of hire, basis of payment.
 - Commissions.
 - Type of charterparty with main amendments.
 11. **Duties.** The protection of the vessel's interests at all times should be the aim and duty of a ship's agent, especially with regard to the quickest turnaround of a ship in port at lowest possible expense.
 12. **Attendance to Time Chartered Vessels.** The agents appointed by the time charterers must perform all the normal services to the ship and her master as would have been performed if the vessel called under a voyage charter and the agent was appointed by the owners. All normal agency fees for ordinary agency services shall be charged against the time charterers.
- Accurate description of the cargo.
– Rates and conditions of loading and discharging.
– Rate of demurrage and despatch, if any.
– Rate of freight, basis of payment.
– Commissions.
– Type of the charterparty with main amendments.
– Clauses of calculation of time, winch clause, etc.
– Special clauses for the trade concerned.
- The details of a fixture consist of all items which are not described above, and in some cases can refer to a considerable number of typewritten clauses attached to printed charterparty, or to alterations in the printed text of a charterparty.
- If a fixture is confirmed, or an offer made or confirmed “subject approval of details” or “subject details” or “subject arranging details” such negotiations can only be suspended if one party cannot agree and the other party maintains one or more of such “details” and the above proviso cannot be taken as an excuse to break off negotiations for some other reason.
- A broker shall not negotiate for or fix any vessel or any cargo on behalf of Shipowners or Charterers while he is interested directly or indirectly as Charterer or Shipowner or otherwise as Principal, without the fact of such interest being previously disclosed to the Shipowners or Charterers.
- Where a Broker Acts as a Ship's Agent**

13. **Attendance as Agents Appointed by Charterers.** If a vessel by the charterparty is consigned to agents nominated by the charterers, the agents so appointed must perform all the normal services to the ship and her master as if the agent had been appointed direct by the owners, the agent charging the normal fees for his work, such fees not exceeding what would have been charged under a direct appointment by the owners.
14. **Agency Fees.** The broker's agency fee should be clearly advised to shipowner and should be according to the Scale of Agency Fees customarily applying in respective

ports and countries. Such agency fee should represent the basis of all ship's agency negotiations.

15. **Ship's Disbursements.** A ship's agent should not retain more freight than actually required for ship's disbursements, and should remit any balance promptly to owners.

Should the agent not collect any freight he should advise owners in good time the approximate amount required for ship's disbursements and owners should remit such funds to the agent in advance of ship's arrival in port.

Other General Chartering Principles

Supported by The Baltic and International Maritime Council (BIMCO)

Ship Agents.

Shipowners should always have full liberty to select and appoint their own agents at port of loading as well as at port of discharge to look after the business of the vessels and assist the captains. Any provisions in charterparties to the contrary are most objectionable and should not be tolerated.

If, when shipping a cargo by a tramp vessel, a merchant needs somebody in the port of loading or discharge to attend to the transshipment or forwarding, he should appoint a separate agent but should not try to prevent owners from having their own agents to look after the vessel's interests.

Cargo Handling.

If it is desired that the shipowners should pay for the loading and discharge of the cargoes, they should have full liberty to select and appoint their own stevedores.

If it is desired that the charterers, shippers or receivers should appoint the stevedores, it should be agreed that the cargo should be loaded and/or discharged

- a) free of any costs whatsoever to the vessel, or
- b) at a reasonable fixed price to include all "extras" whatsoever.

Loading and Discharging Time.

Loading and discharging time should be as close as possible to the average capacity actually established in a particular port or trade. If a certain type of cargo is normally loaded or discharged at a port or range of ports, the daily loading or discharging quantity to be inserted in the charterparty should be as near the normal figure as possible. Loading or discharging should commence soon after the vessel has arrived, time counting from commencement of cargo operations.

"Agreed" – "Adopted" – "Recommended" Documents

The application in practice of the various expressions mentioned above may be explained as follows:

"Agreed". The charter has been agreed between BIMCO (or the Chamber of Shipping, London, or Comité Central des Armateurs de France or other associations of shipowners) with one or more groups of charterers or other institutions (for instance, the Polish Coal Charter Committee, the Timber Trade Federation of the United Kingdom, the Syndicat National du Commerce Extérieur de Cereales, Paris or CMEA, Moscow).

The printed conditions of an "Agreed" charter must not be altered or deleted without the express approval of all the organisations who have agreed the charter. An "Agreed" document is compulsory for the trade for which it is intended.

"Adopted". If a charter "Agreed" in that way following negotiations between, for instance, BIMCO and one or more groups representing charterers is officially supported by another association of shipowners, for instance, the Chamber of Shipping, London, it is stated that the Chamber of Shipping, London, has "Adopted" the charter; or, on the other hand, if BIMCO wants to support one or the other charter negotiated and "Agreed" between the Chamber of Shipping, London, and one or more groups of charterers, then it is stated that the charter has been "Adopted" by BIMCO.

Moreover, a document issued by an organisation of shipowners, for instance, INTERTANKO, for use in a special trade without having actually been "Agreed" with any particular group of charterers, may be "Adopted" by BIMCO.

An "Adopted" document is compulsory for the members of the organisation who have adopted it if it is an "Agreed" document.

"Recommended". When there has been no proper group or groups of charterers with whom to negotiate a particular charter, for instance, the "Gencon" Charter, it is issued as a "Recommended" charter.

The same is the case if the parties with whom a certain charter has been negotiated will not be able to bind their members to use the charter as a clean document. This is the position, for instance, for the "Norgrain" Charter and the "Nuvoy" Charter.

Whereas BIMCO naturally wishes the printed text of a "Recommended" charter to be followed by charterers and shipowners, there is no compulsion in this respect.

"Approved". This is the expression used for charters – whether "Agreed", "Adopted" or "Recommended".

"Issued". A form of charterparty for the establishment of which it might be said that BIMCO is responsible, is referred to as "Issued" by BIMCO.

"Copyright". In several charterparties printed during recent years it has been shown that the copyright is held by "X", usually the party which has issued the document. This has been done in order to discourage sundry parties from printing copies without having proper authority and possibly in such copies deviating from the "official" wording.