

"The essential guide to Chartering and the Dry Freight Market" by Nick Collins Clarkson 4. Chartering and Negotiating Guidelines
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NEGOTIATING TERMINOLOGY

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Indication

This is what it says. It is an indication of what one party is likely to be able to agree. It is given in good faith and if attractive to the recipient he often asks for it to be converted into a firm offer. But it is not an offer. It can be a prelude to a negotiation but is not part of a formal negotiation.

Offer and Counter Offer

Just as the broker must be careful in what he says and how he says it as described above, care must also be taken in the techniques of negotiations. One cannot offer for two or more businesses or ships at the same time. Quite apart from the practical difficulties of negotiation if both were accepted at the same time it would present severe difficulties. An offer should, as a matter of good practice, expire before another is made. This is perfectly acceptable, ethical, fair, businesslike and moreover, effective. It is possible to offer 'subject unfixed' or 'subject open'. Indian government cargoes are worked in this way. But it is not done widely. The reason is very simple. It is not effective. It does not engender trust, feel or goodwill, which are essential elements to any successful business venture. Neither does it necessarily get the best rates. Most owners will not be bothered to play the game. If someone is caught trying to do it, word will get around the market very quickly and will look upon him with suspicion in future. When a new party enters the market they will be given all the benefits of any doubt and all will make the presumption that the player will play by the unwritten market rules to make the market work effectively. It is very difficult and time consuming to recoup trust once it has been damaged.

If an offer is 'clean', that is without subjects, and it is accepted, then the fixture has been concluded. If, however, the recipient replies that he rejects

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the offer entirely but makes an alternative proposal that is also an offer. If the recipient accepts some parts of the proposal but rejects or amends other parts then this is a counter offer. The distinction is important. We often see replies to offers made with a preamble along the lines of; 'Herewith charterer's counter offer'. There then follows a detailed proposal. It implies that the charterer has accepted the terms of the owner's offer on which the charterer has not commented. It implies that this is an 'accept/except' offer. However, it could easily be that the charterer wanted to reject the owner's proposal entirely and the fact he missed out certain terms means that he wanted to discuss them later. It is such lack of clarity that are the seed beds of unnecessary disputes. It is therefore advisable to use the following terminology:

Accept/Except

This counter offer accepts some parts of the last offer but not others. It is the easiest to follow in a long negotiation as the parts which are in dispute are highlighted with every counter offer and are, in a successful negotiation, whittled down until there are none.

Repeat last offer, except

This is an offer. It rejects the last offer from the other party and maintains the last offer in the format last given but only changing it in some aspects so stated. These changes will either be concessions to the other party or some new needs.

Decline your offer and offer

This is a complete rejection of the offer received, possibly because despite the fact that the rate looks promising, it is in the wrong format and on the wrong

terms. Nevertheless, it is worthy of a detailed new offer in reply on the terms that this party will accept.

At the beginning of the negotiations it is usually, but not always, the owner who makes the offer. This will probably be brief and contain the details of the vessel offered, the trading limits of the voyage, the position of the ship and the remuneration required. The charterer will then usually respond with a detailed reply incorporating some of the information given by the owner but incorporating the terms which the charterer requires. In this case it is likely to be in a, 'decline your offer and offer as follows' format. If the owner knows the charterer's business well he may well offer on the terms required immediately. If there have been previous fixtures between the owner and the charterer on the same or similar route he may well say, 'As per last fixture except'. The changes may well be the name and description of the ship, the dates and the freight rate only.

Each party is at liberty to change its mind or introduce new items into the negotiations at any time until the contract is agreed in its final form. However, the brokers and chartering staff should try to avoid doing this as it does not give an impression of trust, competence and professionalism on the part of the party changing the terms.

Reply Times

Offers, counter offers and subjects will often have time limits on them beyond which they are not valid or binding. This time limit must be clear and unambiguous. It is the communication to the Principal, not the broker, that is the vital time in determining when an offer has been accepted or a time limit has expired. Thus the words, 'reply 1400 hours' begs the question which day or date, and where. It should read, 'reply to owner's office by 1400 hours London time today the 25th October 1999'. There is no room for

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misunderstanding in this. The reply has got to be received in the owner's office, not to the broker who may not be able to get through to the owners. The time and date is specified. Some years ago a London owner gave an offer for reply 0900 hours London the next day. The broker sent the offer out verbatim. The charterers confirmed the offer clean the next day at 0845 but the broker could not contact the owner till 0915. The owner insisted the offer was out of time and he was free. The charterers insisted that they had confirmed within time. If the broker had made it clear that the offer was for reply to the owner and not by implication himself, he would have been covered.

Although they are in common usage, the words, 'immediate reply' or 'prompt reply' are inexact and it is advisable not to use them if at all possible. It is safer to use a time even if it is only two or three minutes away.

Subjects

An offer, counter offer or fixture will frequently have a subject which must be cleared before the contract is binding. They are used when the charterer has to check that the cargo is still available on the dates provisionally booked or that the cargo has been sold;

The most common subjects are;

1. **Subject stem.** The charterer requires to verify that the cargo will still be available at the load port.
2. **Subject shipper's approval.** The charterer requires to verify that the cargo suppliers will accept the fixed ship at the load berth and that the cargo is going to be available on the agreed dates.

3. **Subject receiver's approval.** The charterer must check with the receiver or cargo buyer that the vessel, its expected arrival date and cargo size are acceptable before confirming the ship is fully fixed.

4. **Subject head charterer's approval.** An owner or operator may have taken a cargo on a 'TBN' or 'to be nominated' basis and finds that when the charterer nominates the dates, he does not have a vessel on position. He therefore has to fix in a vessel to cover it or to 'sublet' or 'relet' the cargo as he is permitted to do. When fixed 'on subjects', one of those subjects has to be head charterer's approval as they have not been a party to fixing the vessel. They may or may not also be the receivers or the shippers but there may be a chain of sublets/sub charterers.

5. **Subject management approval or Subject Board of Directors (BOD) Approval.** This is a subject that should be used with care. In most spot single fixtures the person negotiating on behalf of the ship or cargo should have full authority to fix. Those that try to use this subject tend to give the impression that they are unsure of themselves and that negotiations are likely to be slow. It will therefore tend to work against getting the best rate. However, in long term contracts or time charterers or fixtures which are of a complex nature, if the commitment is clearly of a long term strategic nature, it is usually understood by both sides that it will need the sanction of management or the board of directors. In such cases, it may be better to spell this out in the negotiations.

6. **Sub Sale.** The sale of a cargo is either being negotiated or subject to a tender in which case a number of charterers may be trying to fix freight.

7. **Subject owner's approval of charterers.** If the charterer is unknown to the owner, he will need to check on the company's background and

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performance which will necessitate talking to other owners, BIMCO and perhaps the charterer's bank.

8. **Subject details.** When a fixture is done on main terms it is usual to specify 'subject details'. The main terms will comprise the name and description of the ship, the load and discharge ports, the cargo quantity, the rate, demurrage, the laytime for loading and discharging, any other monetary term, the commission and the charter party form. The details will tend to comprise terms which are not contentious. It is possible to fall down on 'details' but it is not usual.

However, there is always the doubt about what are 'details' and what are 'main terms' especially given some apparently inconsistent decisions in American courts. Any term which could involve a monetary gain or loss should be mentioned in the main term negotiations. Thus issues such as overage insurance, crew war bonuses and turn time, for example should be in the main terms. But for the avoidance of doubt, instead of 'sub details', the words '**subject mutual agreement of all outstanding charter party terms**' will be clearer. This will also make any potential problem due to differences in interpretation of English and American law on what is a 'detail' superfluous, as the parties have clearly agreed that all outstanding terms have to be agreed before there is a fixture. These outstanding terms or details should then be cleared as quickly as possible in a businesslike manner.

It is sometimes a source of contention in international business if one side delays looking at these terms. For instance, Japanese who are used to fixing with other Japanese find it inconceivable that a fixture concluded subject details would fall down. They therefore often tend to regard these details as something that can be left to a later time. Europeans, on the other hand, will want the fixture wrapped up quickly so they know that they are

'clean fixed'. When these business cultures clash it is wise to err on the side of caution and get the outstanding terms agreed promptly.

9. **Others.** In a negotiation either side may put any subject they wish to on the negotiations. 'Subject survey' or 'Subject satisfactory survey' may be a condition in case of a long term time charter where the charterer wishes to check the physical condition of the ship rather than simply rely on the written description. 'Subject financial closure' may be the subject on a contract of affreightment which depends on banks' financing the whole venture of which the shipping is just a part.

When a vessel is fixed 'on subjects' it means that the owner is bound to the contract until the time for the subjects to be removed or not has passed. Until that time the owner cannot negotiate the vessel at least on a firm basis for any other business. The owner will therefore usually try to restrict the declaration time to the shortest possible period.

It is advisable for a broker when notifying a party that all subjects are cleared that a record is made of the time and date and from whom and to whom the information was conveyed. If there is no one at the recipient's office, it is advisable to send a telex or fax confirming the deal, recording the time. The counter party should then be advised that it has not been possible to locate the Principal but has confirmed it in writing to the office and that a reconfirmation may be necessary. The date of the charter party will be the date on which the subjects are lifted.

ANATOMY OF A NEGOTIATION

The basic elements of a negotiation leading to a main terms recap are the name of the Charterer, the name of the ship and its description and depending whether it is time charter or voyage charter the following points.

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For Time Charter

Delivery
Redelivery
Period or nature of the trip
Trading area and exclusions
Dates (Laycan)
Permitted cargo/exclusions
Hire/ballast bonus
Bunkers on delivery/redelivery
Commission structure
Charter party form
Subjects

For Voyage Charter

Loadport
Discharging port
Cargo description and quantity
Loading terms
Discharging terms
Dates (Laycan)
Freight
Freight payment
Demurrage/despatch
Commission
Charter party form
Subjects

There may well be other things of importance that are included. In a voyage charter for example, main terms may well include turn time, optional ports, whose agents, freight payment details, who pays for which dues and taxes and notice of readiness terms. For a time charter it may well include a bunker quality provision and trading and cargo exclusions. This will depend on the trade, but the above elements must be present. They are the barest of bones of a recap of a fixture.

How does it work in a negotiation?

Let us take a charterer's requirement and see how it might be marketed and negotiated. This may be read in conjunction with Chapter Six and Appendix One. The following fictitious order might have been circulated as follows;

ACCOUNT COLLINS
130,000 MT 10 PERCENT COAL IN BULK
1SB NEWCASTLE/1SB ROTTERDAM
15/30 DECEMBER
35000 SHINC BENDS
12 HRS TTBE
2.5 ADDCOMM
BEST OFFERS

This covers the bare essentials of the order giving size, load and discharge ports and terms, dates and commission. Brokers will be able to locate the main candidates from these initial facts.

One owner might have offered as follows

FIRM REPLY TO OWNER'S OFFICE BY 1000 HOURS GENOA TIME
TOMORROW 30 OCT 1999
ACCT COLLINS MINING OF SYDNEY, AUSTRALIA
MV LUCIANO PAVAROTTI
ITALIAN FLAG 1989 BULK CARRIER
165,213 METRIC TONS DWT ON 17.61 M SSW
6,214,913 CUFT GRAIN
9 HOHA
LOA 279.9 / BEAM 45
OPEN TOKYO BAY 1ST DEC
130,000 MT 10 PERCENT COAL MOLOO IN BULK
EXPLOAD ABT 130,000 MT
1SB NEWC/1SB ROTT
15/30 DEC ETA 15 DEC
35,000 MT SHINC BE
12 HRS TT BE USC

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FREIGHT USD 11.00 PMT FIOST

DEM USD 14,000 DHDLTSBE

SUB DETS 2.5 PERCENT ADDCOMM PLUS 1.25 BROKERAGE

This gives the charterer the details of the ship so that they can immediately see if she is suitable. It specifies the domicile of the charterer so that the owner knows he is fixing to a substantial company and not an offshore subsidiary. The owner gives his freight and demurrage rate and repeats the terms given except he qualifies the 12 hours turn time with USC (unless sooner commenced). (See Chapter Six). The freight is based on **'free in and out trimmed'** to protect the owner from any possible extra costs. It means 'free' to the owner and differentiates it from **'gross load'** where the owner pays for the cost of loading. The broker would have passed this on making sure that the reply was specified to owner's office. It is fair to say that depending on the circumstances the broker should also give some background as to the market situation, competing ships and owner's attitude to this and other possible cargoes.

Assuming that the charterer feels that this is an offer he wishes to pursue he will counter to it. He may take into account that the ship is relatively modern, that she is currently giving an ETA at the beginning of the laydays so that in case of delay there are 15 days in which she can still reach the port and perform the cargo lifting. Last, but certainly not least, he may think that the initial offer of freight is a reasonable one compared with 'last done' and the other offers he has received. He will then make a full firm counter with all the relevant main terms. It would look like the following:

CHTS DECLINE YOUR OFFER AND OFFER FIRM REPLY TO CHTS
BY NOON LONDON TODAY AS FOLLOWS

ACCT COLLINS MINING OF SYDNEY

ALL NEGOS AND/OR EVENTUAL FIXTURE TO BE KEPT STRICTLY

P AND C

MV LUCIANO PAVAROTTI

DESCRIPTION AS PER OWNER'S OFFER

PLSE ADVISE VESSEL'S FULL ITINERARY

ETA NEWCASTLE 15 TH DECEMBER

EXPECTED INTAKE 130,000 MT

130,000 MT 10PCT MOLOO COAL IN BULK

LOAD - 1SB NEWCASTLE CHOPT 1SB PORT KEMBLA

DISCH- 1SB ROTTERDAM CHOPT ZEEBRUGGE CHOPT 1SB
ANTWERP

LAYCAN DECEMBER 10/30 1999 (TBN TO A 15 DAY SPREAD UPON
FIXING)

LOAD - 35,000 MT SHINC (LOCAL HOLIDAYS EXCL)

DISCH- 35,000 MT SHINC (LOCAL HOLIDAYS EXCL) CHOPT 25,000
MT SHINC (LOCAL HOLIDAYS EXCL)

12 HRS TT BENDS

NOR ATDNSHINC WIPON, WIBON, WIFPON, WECCON. IF THE
VESSEL FAILS CUSTOMS CLEARANCE OR FREE PRATIQUE THEN
TIME FROM FAILING UNTIL PASSING NOT TO COUNT.

FREIGHT(S)

BASIS 35,000 MT SHINC DISCHARGE

USD 10.00 PMT FIOT BASIS ROTTERDAM DISCHARGE

USD 10.00 PMT FIOT BASIS ANTWERP DISCHARGE

USD 9.85 PMT FIOT BASIS ZEEBRUGGE DISCHARGE

FOR 25,000 MT SHINC DISCHARGE

USD 10.20 PMT FIOT BASIS ROTTERDAM DISCHARGE

USD 10.20 PMT FIOT BASIS ANTWERP DISCHARGE

USD 10.05 PMT FIOT BASIS ZEEBRUGGE DISCHARGE

DHD USD 11,000 LAYTIME NON REV BENDS

FREIGHT PAYABLE 90 PERCENT WITHIN 10 BANKING DAYS

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AFTER S/R B/L BALANCE UPON SETTLEMENT OF ACCNTS.

CHABE

DRAFT RESTRICTIONS AT BOTH LOAD AND DISCH PORTS TO BE
OWNER'S RISK AND RESPONSIBILITY

SHIFTING BETWEEN ANCHORAGE AND/OR WAITING BERTH TO
LOAD/DISCHARGE BERTHS NOT TO COUNT AS LAYTIME EVEN IF
THE VESSEL IS ON DEMURRAGE

EXTRA INS IF ANY DUE TO VSL'S AGE/FLAG/CLASSIFICATION OR
OWNERSHIP TO BE FOR OWNER'S ACCT

SUB OWNER'S ACCEPTANCE OF CHT'S AMWELSH C/P

SUB STEM AND RECEIVER'S APPROVAL LATEST 2 WORKING
DAYS AFMT

2.5 PERCENT ADDCOMM

For the meanings of the above abbreviations and terms and what is at stake in each of them see Appendix One and Chapter Six. However, it will be noticed that the charterer is careful to get the itinerary of the vessel so as to double check the ETA especially since the laydays cancelling has to be narrowed. The charterer needs the option of 2 load and 3 discharge ports. He did not circulate the order like this because any ship agreeing to perform Newcastle/Rotterdam could and would do the alternatives but he initially wanted to attract offers by keeping it simple. Notice the exclusion of local holidays. This is not always usual although more charterers are attempting to make it standard that local or 'Super holidays' (i.e. Christmas, New Year, Easter etc. where applicable) do not count especially if the port in question is not working on those days. In this case, as the laydays/cancelling cover the Christmas period, it could be important. Notice the 12 hours turn time without the USC (unless sooner commenced) that the owners offered. Notice the exclusion of time counting if vessel fails to clear customs or free pratique. Notice there is no time stated when the charterer has to declare which load and discharge port is applicable (which is important for the quantity loaded)

and when the declaration of which discharge rate is applicable. Notice also that for avoidance of all doubt, the charterer has specified that the draft restrictions are owner's risk and responsibility. Notice that the owner is being asked to accept the charterer's pro forma unseen.

Since this is a very comprehensive offer the owner decides to counter on an accept/except basis. He goes back as follows:

A/E REPLY TO OWNERS BY 14.30 LONDON TIME TODAY
ITINERARY- ETA TOKYO BAY TO DISCHARGE COAL 24 NOV 1998
ETS 1ST DECEMBER THEN BALLAST TO LOADPORT
ESTIMATED INTAKE 130,000 BASIS ROTTERDAM
120,000 BASIS ZEEBRUGGE
12 HOURS TT USC
BASIS 35000 DISCHARGE RATE
FREIGHT USD 10.50 ROTT
USD 10.50 ANT
USD 10.35 ZEEB
BASIS 25000
USD 10.70
USD 10.70
USD 10.55
CHTS TO DECLARE LOADPORT ON FIXING AND DISCHARGE PORT
AND DISCHARGE SPEED ONE DAY PRIOR ETA LOADPORT
DEM USD 12000
FREIGHT WITHIN 7 RUNNING DAYS
BALANCE WITHIN 20 DAYS OF COMPLETION DISCHARGE
SUB MUTUAL AGREEMENT OF AMWELSH P/F – PLSE SEND FOR
OWNERS TO STUDY
END

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However the fixture is eventually concluded after this, the main points of contention will have been isolated and now can be argued about and negotiated. The broker will be able to take the charterer's first offer and make the full and comprehensive recap from that and the amendments agreed thereafter. From this he will be able to draw up the charter party.

This is an example of a simple voyage negotiation of a bulk cargo with well known ports and standard terms.

Let us examine the recap of something a little different. This again is fictitious but based on similar trades that do exist. We will assume that the negotiation has proceeded along sensible lines outlined above and produced the following main terms recap.

ACCT STEEL-CO OF BEIJING
RISING STAR TBN MAX 25 YEARS MIN 15 TON CRANES
FREE EXTRA INS UP TO 20 YEARS - EXTRA INS DUE TO VSLS
CLASS, AGE (OVER 20 YRS) FLAG, OWNERSHIP, REGISTRY TO BE
FOR OWNS ACCT AGAINST ACTUAL VOUCHERS
PERFORMING VESSEL TBN LATEST 7 DAYS PRIOR ETA
LOADPORT
CHTS APP OF SAME TO BE LIFTED WITHIN 24 WORKING HOURS
OF NOM.
FULL OR P/C IN OO OF 35,000 MT PIG IRON -ONE GRADE
1SB KLAIPEDA CHTS GTEE 10.6 M/ 1SB AA SHANGHAI AND
BEILUN ROUGHLY 50 /50 EACH DISPORT QUANTITIES DISCH AT
EACH DISPORT ASCERTAINED BY INDEPENDENT DRAFT
SURVEY-ROUTING VIA SUEZ
IF P/C THIS CARGO IS BASE CARGO- OWNERS INT TO COMPLETE
WITH OTHER CARGOES IN GEOG ROT- BUT HAVE THE RIGHT
IN/OUT GEOG ROT.

CARGO TO BE LOADED IN SEPARATE HOLDS FROM OTHER CARGOES

NO OTHER PIG IRON ALLOWED FOR CHINA DISCH

4000 MT SHINC LOAD -NOR CAN BE TENDERED FRM 0800-1800 HOURS SHINC - USD 7000 DEM HDLTS/ CQD DISCH (EXCEPT IF CARGO CANNOT BE DISCH DUE TO LACK OF DOCUMENTATION CHTS TO PAY DETENTION CHARGES AT USD 7000/DAY PR

20/27 NOV 1998 TBN TO 7 DAY SPREAD WHEN NOM PRFRMNG VSL FREIGHT USD 20.50 PER MT FIOST

90 PCT WITHIN 7 BANKING DAYS AFTER COMPL LOADING

B/L TO BE MARKED 'FRT PAYABLE AS PER C/P' BALANCE FRT WITH DEM/DES LATEST 30 DAYS AFTER COMP DISCH

IF CHTS REQUIRE 'FRT PREPAID' B/L THEN SAME TO BE RELEASED ON RECEIPT OF TLX FROM CHTS BANK TO OWNS CONFIRMING THAT THEY HAVE IRREVOCABLY REMITTED FREIGHT AS PER C/P -INCLUDING REMITTANCE DETAILS, VALUE AND DATE.

CONGEN B/L TO BE ISSUED

CHABE

AGENTS AT DISPORT-PENEVICO

1.5ADD AND 1.25 BROKERAGE

O/WISE SUB MUTUAL AGREEMENT OF CHTS EXECUTED P/F

All the main points of this rather more complex fixture are set down. Due to the draft limitation which the charterer has been good enough to guarantee in this case, the owner has taken the opportunity to ask for part cargo option and clearly has the intention of booking other cargo for Far East destinations. However it must be loaded in different holds. **CQD (or customary quick despatch)** discharge has been agreed. This is usually a dangerous thing for an owner to do as it is fairly meaningless in terms of guaranteeing a discharge rate. But there are areas of the world where if an arrangement can be made

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with influential people within the port or at the receiving end, for quick berthing and discharging the freight premium for agreeing such a risky term can be more than off set. The official port load and discharge rates in China are much slower than what can really be achieved especially with local influence. This is why all owners that are well connected there are happy with CQD. Notice, however, that if the delay is on the charterer's side because of documentation then a detention charge is payable. This is prudent from the owner's point of view. Notice the freight payment terms and the stipulation from the owner that freight has to be paid prior to 'pre paid' Bills of Lading being released. If not, the owner is in fact, saying that he has received the freight when he has not!

A simple time charter negotiation can be seen below on an entirely different trade. This is for a short period for a 'Laker' for the duration of the Lakes season. The owner knows what is involved in Lakes trading so he makes a fairly comprehensive offer from the outset. This pattern is usual for time a charter and unlike voyage charter. In the latter case the charterer needs to explain to the owner all the terms on which he has to calculate. In time charter the owner has to explain the details of the ship and the terms on which he is prepared to let out the ship to the charterer. This may be read in conjunction with Chapter Seven and Appendix One.

OFFER YOU FIRM REPLY TO OWNER'S OFFICE BY 10 AM LONDON
TOMORROW

M.V. LAKES TRADER

PAN/82

29,611 MT DWAT ON 10.5 M

19,200 MT DWAT ON 26 FT FRESH WATER

182.2/23.1 LOA/BEAM

34,618 CUM GRAIN IN SHOHA

4 x 16 TON CRANES
13 ON 22 (180) PLUS 2 MDO

ACCT CANADIAN LAKES SHIPPING CO.
DEL DLOSP ANTWERP
LAYCAN 16/25 MARCH 1998
WW TRADING INC GT LAKES IN SEASON
TRADING ALWAYS WITHIN IWL EXCEPT GT LAKES/ST
LAWRENCE TRADING ONLY, AA EXCEPT FOR RIVER PLATE
ALWAYS VIA SB(S) SP(S).
CHTS LIBERTY TO BREAK IWL ONLY FOR GREAT LAKES/ST
LAWRENCE TRADING
REDEL DLOSP/PASSING BOSTON/BAHIA BLANCA RANGE, CHOPT
SKAW/PASSERO RANGE
NO GREAT LAKES/ST LAWRENCE TRADING UNTIL 10 DAYS
AFTER OFFICIAL OPENING
PERIOD TO REDEL BETWEEN 1st NOVEMBER/20 DECEMBER 1998
HIRE USD 7700 DAILY INC O/T
BOD 450/500 MT IFO AND 45/55 MT DO
BOR SAME QTY AS ON DEL
PRICES OWNS REVERTING
SUB MUTUAL REVIEW OF PREVIOUS C/P DATED 17 APRIL 1985
5 % TTL COMM HERE
SUB CHTS MNGMNT APP DECL BY COB LONDON MONDAY 25 FEB
1998

Charterers counter as follows and the negotiation quickly becomes a trade on
the essentials only.

CHTS A/E REPLY TO CHTS BY 1200 HOURS LONDON TODAY
NO LAKES ENTRY PRIOR 0001 HOURS 4TH APRIL

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US 7000 DAILY

BUNKER PRICE BENDS 65/110

OWNERS A/E REPLY 2 PM LONDON TODAY

NO LAKES TRADING PRIOR 0001 HOURS 5TH APRIL

HIRE USD 7250

The simplicity of this negotiation is helped by the fact that the parties have fixed before as evidenced by their use of a previous charter party on which to base the fixture. The charterer therefore does not need to ask a lot of questions about the ship. He has it all on record anyway. The issues here are really just the rate and the dates when she can safely enter the St. Lawrence/Great Lakes, the so called First Open Water (FOW) and safety margin. This is a safety issue as it will still be icy. There is a large redelivery range. The owner allows the charterer to trade in the River Plate and go safely aground which is necessary there. One would have to assume that there is a good chance of a negotiation at this stage leading to a fixture.