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## **Abstract**

Introduction 4

Shipbrokers Chartering 5

The Ship-broking Market 6

Diverse Industry 6

Dry - Cargo Markets 7

Ship-Owners' Preference for Shipbrokers 8

Identify carriers for cargoes and cargoes for carriers 8

Information Source 8

Dispute Resolver 9

Conclusion 10

Abstract

Shipbrokers have a significant influence on day to day business transactions when it comes to charters and sales and purchase activities in the markets.

The ship-owners value the brokers' capabilities for negotiation, knowledge, and information and their perception in the market. In additional businesses, the luxury-oriented services create goodwill and brokers that are involved in luxurious practices recognize them considerably from the ordinary brokers.

Ship-owners consider shipbrokers compared to other parties due to their worth in locating ships for cargoes, cargoes for ships, resolving issues, procuring information source, investigating market tendency, and advising to charterers. The fundamental task of the shipbroker is to locate carriers for cargoes and cargoes for carriers but today's innovative communication and computing techniques redefined the better features of ship-broking.

Keywords: ship-broker, ship-owner, charterer

## Introduction

Ship-broking is a land-oriented industrial service segment of maritime classifiable divisibly in nationwide statistics. Shipbrokers are the expert intermediaries that lie between cruise-owners and charterers that use carriers to carry goods or between sellers and purchasers of carriers. Ship-broking was primarily in some shipping centers about two decades back including Sydney, Singapore, Piraeus, New York, Tokyo, Rotterdam, and London. The dominant global centre at that time was London that contained an extensive range of maritime services readily present. The carriage contracts negotiations was executable with prominent shipping centers having physical existence. Telex was the sole satisfactory communication method but it was quite costly and time-consuming. The advent of digital communication made drastic changes in the shipping industry. The communication through voice for far destinations considered effective and satisfactory. The records were transferable through facsimile, detailed messages, graphics, and short videos were transferable through electronic mails. The delivery of information to numerous recipients was comfortable and cheap. The availability internet and cell phones allowed frequent connection, even in the case of motion of an individual. The messenger software on the web promoted immediate discussion between individuals based at different location through internet protocol and the physical existence of individuals in destination considered irrelevant.

The profession of ship brokering gained significance in the recent days of business shipping. In the onset, the term trader represented the owner of the ship. The responsibility of the owner was to purchase, load, and carry

commodities on ship and take them from one place to sell at another place. The emergence of trade divided the trading and shipping activities radically and the owner of the ship solely took the products from the numerous traders from one to another destination and entrust the commodities to purchasers. The development in mastering trade in shipping, the influence of ship-brokers became significant. The shipbroker is a middle body that locates ships for the businessmen and load products into the ships of ship-owners that frequently travel with their cruisers. The present contemporary shipping market entails two segments. One segment contains ship-owners having distinguished cargo sizes and operators although they do not possess ships but in no way the less control of the business operations of ships. However, the second segment involves ship-owners that monitor numerous cargoes including little and greater lots; whereas, the shipbroker behaves as a middle body between the charterers and owners .

### **Shipbrokers Chartering**

The ship-owner and the charterer either one of them directs chartering shipbroker that possesses excellent information of the contemporary chartering market . The procedure of chartering begins with the pre-fixture assessment when the trader/charterer shares the fundamental business features with his broker or domestic shipping department that determine the attainable cartage value. Additionally, the shipbroker that proposed a cartage price as well suggests the trader about significant elements that influence the specific business. The application of this information, the trades culminates the sale deed and demands from the shipbroker or shipping department to fix the ship. The shipbroker afterward drifts the investigation

among his contracts that assist him in spanning it more. Numerous ships suggested for the business. These carriers examined to gauge their operational efficiency, cartage extent and existence periods. After the location of an appropriate carrier, potential dialogue occurs between the charterer and ship-owner through shipbroker (s). The shipbroker after taking the consent of parties for vital conditions recapitulates the agreement. This recapitulating process executes tuning of the agreement. The charterers and the ship-owners review the fine tuned agreement. The contract carriage comes to conclusion in the case only when both parties show their respective consensus on every detail of the agreement. The business is un-executable if any period while the contract dialogue between the parties does not come to a single agreed point. The ship-broker documents the contract (Charter Party) and submits to ship-owners and charterers for their initials. The negotiations in chartering is executable any time whether it is a day or night and in under time restrictions and the methods of interaction are SMS, email, telex, and voice, all agreements are equivalent. The previous era dictum "Our Word Our Bond" is applicable .

## **The Ship-broking Market**

### Diverse Industry

The cartage market does not reveal uniformity as it comprises of numerous market segments that are independent on each other. The market attitude, provisions, and supply of each subject market segment do not show their interrelation, and each market segment performs in their individual pattern. It is frequent to perceive single market segment travelled in sky of the market whereas another one underwent extensive pressures. The records

and knowledge provisions for assessing the tendency of markets for every segment are dissimilar as the numerous segments in the industry.

Additionally to the provisions and supply, the market status as well relies on economic background, war strikes, oil prices, climatic and weather conditions, public rules, favorable or unfavorable yield, and almost immediately and so forth. It is the liability of a shipbroker to safeguard his records and span it on broad array of elements to share logic knowledge to his customers.

## **Dry – Cargo Markets**

The dry cargo market is commonly classifiable through size and every size carrier is busy in taking commodities from one destination to another. One of the little managed and established is the dry cargo segment of the shipping market. There are a broad range of carriers, cargoes, and the variables influencing every segment of the market are not similar. The worldwide trading provisions in the dry segment are highly difficult compared in the segment of liquid cargo in which the route planning is determinable through the needs and wants of the global economic condition. It is the liability of the dry bulk ship-broker to have extensive grip on his market but even to remain updated from the global advancements, whether the variables are of a political or economic nature or they reveal collapse or disasters of a crop in one economy or an additional. The global dry commodities including iron ore, coal, phosphates, grain, sugar, fertilizers are the fundamental carriages which are significantly associated with dry cargo market.

The dry cargo market comprises of a broad range of segments including

multi-purpose carriers, roll on roll off (RORO) ships, cruise liners, off-shore supply ships, project carriers, bulkers, container carriers, tugs and barges etc. The existence of sub-categories is available in every segment. CAPE-SIZE Carriers, SUPRAMAX, HANDYS, PANAMAX Carriers, and HANDYMAX come in the category of bulkers. The market attitude of every segment reveals differentiation. The activities complied in every segment are unique at its own theme, whereas, cruisers show bookings for period charter, numerous bulkers were tradable in the spot market. Dry cargo segment has the pride to have the broad range of contract templates.

## **Ship-Owners' Preference for Shipbrokers**

Identify carriers for cargoes and cargoes for carriers

The basic task of a shipbroker that acts as a representative of a ship-owner is to locate recruitment for the carriers under the domination of his principal that is the operator or owner of the ship. In the scenario of ship-broker that represents a cargo interest, the task of ship-brokers is to identify appropriate carriers for the goods that the charterer wishes to commute. This responsibility demands an extensive carrier and cargo knowledge, weather conditions, supply and demand of carriers etc .

## **Information Source**

In previous periods, there were certain limitations for shipbrokers. Almost every broker faced issues while contacting with those that he needs to interact frequently through telex as the fundamental communication media. Telex was not cheap and user-friendly comparatively, the coordination was uncertain to tolerate imperatives. Telephone, the additional media way

present nowadays was highly expensive and banned and unsatisfactory when it comes to contacting from long destinations and there were significant delays underwent in lighting and urgent calls. In real terms, shipbrokers for ship-owners and charterers behave the role of “ eyes and ears” as they locate the market of shipping, port position, contacts culmination or failure, vessel availability demand for carrier, and investigate the rivals’ activities for their principals strongly .

The shipbroker locates the activities in the market closely which is already evident from the literature above. This knowledge helps majority of charterers and owners to design their business approaches. The broker advises on the probable tendency of prices or existence of cargoes or carriers etc. For instance, if need for iron ore shoots up, the present carriers for grain carriage may likely face delay that ultimately improves the grains freight. The broker gives his advice on strategic time charter approach and emphatically promotes spot market provisions for space coverage for forthcoming twelve month .

## **Dispute Resolver**

The issues in any business transaction are unavoidable specifically when it is progressing in varied cultural dynamics and situations that are highly uncertain and diverse. Though, each agreement procures an issue resolve mechanism, the associates of a contract expects from intermediaries to resolve potential issues. The parties also anticipate shipbroker to assist in resolving issues that may arise regardless of the safety measures.

Shipbrokers after ensuring the strong bond with charterers and owners strengthen them to devise solutions to complex issues. Business carefulness



fathoms that the lawful issues require extensive period and amount and associates in a contract show their mutual consent on the acceptability of a solution proposed by an unprejudiced broker instead approaching for expensive proceedings. Commonly, the associates in the agreement way out of legal and additional problem resolving mechanisms executes solely after the failure of intermediaries .

## **Conclusion**

The analysis of the report reveals that the behavior of shipping industry in incorporating contemporary technologies into their systems is quite slow. However, presently ship-brokers execute every available method of communication. Shipbrokers showed their involvement in information trading for the purpose of chartering. The speed of ship-broking towards adapting to contemporary technologies is under the desirable level but it began executing the multitude of communication methods. Currently, there are numerous communication ways adopted for chartering negotiations including cell phones, facsimile, cell phones, instant text messaging at the same period. A sole negotiation is free to utilize complete or any of the present ways. The undesirable communication expenses previously restrained ship-brokers contacts that are relevant for communication. Common communication accompanies only with some significant contacts. The availability of cheap and advanced communication technologies, the condition opposed and ship-brokers find no difficulty to transmit relevant information to more than hundreds of contacts even the activity remains frequent for couple of weeks. The methods of chartering are underway in the domain of transformation due to the influence of computing power and

digital communication variables. The advent of contemporary communication drastically influenced the charterers and brokers in terms of direct communication. The ship-owners preferred working with shipbrokers as they do not find any issues related to the carrier identification for cargoes, cargo for carriers, information portal, market fluctuations, advice from shipbrokers, and disputes etc. The provisions for a shipbroker in the period of cheap and immediate communication transition is constant, hence particular extent of salesmanship along with highly advanced verbal communication are desirable. The broker suspended to conclude and persuade the contentious problems in a contract through changing the clauses in a contract frequently in order to address the anxieties of the associates.

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