

Safety of transporting different commodities together by voyage charter and its a...

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Question: Mrs. Brown is a farmer from Galveston Texas. Her main produce are Maize and Wheat. She sells her produce on the local market. However, the local markets have been saturated and now she has surplus at hand. Mr. Scott is a baker who lives in Africa and which to buy the produce from Mrs. Brown. Mrs. Brown agrees to sell the produce to Mr. Scott at the going price and he accepts. Her good friend Mr. Brooke, who buy and sell oil, told her that he had a trip of oil to take to Africa and he could carry the produce for her. Mrs. Brown had never ship anything before. She contracted you as a charter broker to see to her produce exported from Texas to Africa. Mrs. Brown main concern is shipping the produce with Mr. Brooke's oil.

Abstract

This paper will examine the type of vessel that best suits the transportation of the commodities; maize, wheat and oil together in a single voyage, the type of charter that should be chosen and other available choices that are rejected.

Type of ship for the Transportation of Both Commodities

Mr. Brooke owns a container vessel which can be used to transport wheat, maize and oil together safely once they are stowed correctly. According to (Shipping guides Ltd, 2013), containers can accommodate anything from foodstuff to electrical equipment to automobiles. Container are also used to transport bagged and palletized goods, liquids and refrigerated cargo. The vessel is divided into several hatches where containers are stowed. Also after each hatch cover is placed over the holds containers can be stacked on top of these hatch covers. The wheat, maize and oil will not encounter during

the voyage because they will all be stowed separately and in different containers and cargo holds.

Experienced and well trained stevedores will be hired to properly stow the cargo ensuring that they will be ventilated if necessary to avoid sweating and breeding of bacteria and other threats available since it will be traveling through different climatic condition. It will not be stored near the oil as to prevent spillage on the package because it is necessary to deliver the consignment to the buyer in a pleasing condition as well as avoiding loss of income from dissatisfaction and the cargo being returned. The wheat will be packed as loose bulk cargo in containers with a portion of the tonnage packed in bags for stability while the ship is at sea. The vessel will therefore be able to right itself if it encounters any difficulties in order to avoid loss and damage. The cargo will also be stowed when it has less than 14% moisture or water content to avoid the breeding of insects. Suitable Charter and its advantages and disadvantages

The most suitable charter for Mrs. Brown to use is voyage charter. According to the PowerPoint notes by Mr. Butler a voyage chartering means the ship owner promises to carry on board a specific ship a particular cargo for a single voyage from one or more loading port to one or more discharging port. Voyage chartering is the most suitable charter for Mrs. Brown since under such charter it is stated that the charterer has no experience in the operation of ships and is only shipping one consignment of cargo, which applies to Mrs. Brown. Therefore Mr. Brooke will remain in control of all vessel operations and operating expenses while Mrs. Brown is responsible for

cargo relating costs. However loading and discharging cost will be divided between Mr. Brooke and Mrs. Brown based on agreements made.

Voyage charter comes with both advantages and disadvantages. Some advantages in which the voyage charter offers are cutting cost on the charterer's hands where she is only responsible for shipment of her own consignment and loading and discharging cost rather than the entire shipping cost. The operation is left on the hands of the ship owner which is a plus for Mrs. Brown since she has no experience in shipping operations. Mrs. Brown is able to take advantage of negotiated rate and the shipment of her entire cargo on a single voyage. If cargo is lost by failure to exercise due diligence the responsibility is placed on the ship owner, Mrs. Brown therefore has no need to worry about complete loss of income and cargo.

On the other hand there are disadvantages that comes with a voyage charter. One such disadvantage is that since the charterer has no knowledge about shipping she is not able to monitor the stowage and delivery of her cargo ensuring that it is delivered and in the correct amount. She might also be overly charged on her consignment because Mr. Brooke could offer to carry her cargo with his in order to reduce his expenses. Also her delivery might be delayed because Mr. Brooke might want to deliver his consignments first, and if any delayed occur during operation due to bad weather or machinery breakdown then there will be further delay in the delivery of her consignments. If cargo is lost due to perils at sea the ship owner is not responsible for the loss therefore no liability will be placed on the goods. Other Available Charters and why they were rejected

There are several other available options that Mrs. Brown could have chosen, however they were rejected since they were not the best possible options.

Her other options include: Time chartering which is the hiring of a vessel to a charterer by the ship owner where the charterer takes control of the vessel for a specific period of time such as a single voyage, several months or years against payment of hire. However, this would not be suitable for Mrs. Brown even though this charter can be used for a single voyage because she would have to undertake the complete operation cost of the vessel which would be too expensive to undertake for a single commodity and first shipment.

Payment would also need to be made based on the time she would occupy the ship rather than the amount of cargo being shipped. If for any reason time is lost during the voyage the cost would be left for Mrs. Brown to pay which would be another expense for her to undertake.

Time charter on trip basis is similar to voyage charter where the vessel is hired for one or two voyages. However this would not be suitable because it is not a wise choice to pay on a daily rate because she is only engaging in a single shipment and the ship owner's cargo are also on board the vessel.

Also she should not take on the full responsibility of directing the loading and unloading process even though she is the one stating where to cargo should be delivered because she has no experience in shipping.

Bareboat Chartering is where the vessel is leased to the charterer by the ship owner for a long period and the charterer having to take full responsibility of the vessel except for the payment of capital cost. Mrs.

Brown would therefore be undertaking tasks in which she could not manage

to carry out on her own and most likely face financial difficulties, experience operational distress because she might not know the right procedure to follow in order to get the right crew members as well as not meeting the expected delivery time or overall disappointment in the quality of delivery to Mr. Scott. On a whole she should not take full possession of a vessel since she has no experience in the field.

CONCLUSION

Mrs. Brown should feel comfortable and secured with her consignment being shipped in a container vessel with Mr. Brooke's oil since the vessel is designed to carry all these commodities. Once they are stowed separately and in the correct manner the cargo should be delivered in a satisfactory quality. A voyage charter is the best possible option for the transportation of the consignment since she only wants to transport the goods from one point (Galveston Texas) to another (Africa). She also has no experience in shipping therefore it is best if she leaves all the cargo handling and operation solely on Mr. Brooke the owner of the vessel. Choosing this type of charter comes with both advantages and disadvantages. She is able to take advantage of lower spending and no operational duties on her hands. However she could be faced with disadvantages such as not being able to keep track of her shipment or Mr. Brooke being dishonest with her since she has no experience in the field of shipping. ReferencesLtd, S. g. (2013, september 26).