

**MINUTES OF THE
CHARTERING & DOCUMENTARY COMMITTEE PLENARY MEETING HELD
AT THE SHELBORNE SOUTH BEACH HOTEL MIAMI
AT 2.00 p.m. TUESDAY, 1st OCTOBER 2019**

Present:

Mr. F. Carlini FICS	C&D Committee Chair
Mr. A. Mantrach	President
Mr. M. El Mezouar	C&D Committee Vice Chair

Mr. J. Dulce	Argentina	Mr. M. El Yaman	Lebanon
Mr. J. Delfino	Argentina	Mr. I. Uba	Lithuania
Cdr. R. Nairn	Australia	Mr. M. Andrade Gomez	Mexico
Mr. R. Rodrigo MICS	Bahrain	Mr. C. Bennett Lira	Mexico
Mr. R. Troch	Belgium	Mr. M. Tak	Netherlands
Mrs. H. Bruggeman	Belgium	Mr. J. Tyminski	Poland
Mr. E. Wouters	Belgium	Mr. A. Belmar da Costa	Portugal
Mr. S. Gielen	Belgium	Mr. R. D'Orey	Portugal
Mr. W. Rocha jnr.	Brazil	Mr. G. Necmeskal	Slovenia
Mr. G. Gordon Findlay	Brazil	Mr. J. Fernandez Guillen	Spain
Mr. M. Neri	Brazil	Mrs. B. Blomqvist	Sweden
Mr. J. Mariano	Brazil	Mr. K. Akbaşoğlu	Turkey
Mr. A. Zanin	Brazil	Mrs. M. Collins	USA
Capt. N. Hristov	Bulgaria	Mr. P. Hirtle	USA
Mr. S. Kraichev	Bulgaria	Mr. M. Ogle	USA
Capt. J. Karmelić	Croatia	Mr. C. Young	USA
Mr. C.P. Papavassiliou	Cyprus	Mr. S. Wolmar	USA
Mr. T.D. Paulsen	Denmark	Mr. B. Alexander	USA
Mr. T. Arus	Estonia	Mr. F. Sarre	BIMCO
Dr. A. Geisler	Germany	Mr. S. Larsen	BIMCO
Mr. N. Soltow	Germany	Ms. M. White	INTERTANKO
Mr. J.A. Foord FICS	Great Britain	Mr. A. Jamieson MICS	ITIC
Mr. S. Gillie FICS	Great Britain	SPEAKERS	
Mr. R. Hill FICS	Great Britain	Mr. S. Eckett	S&P Global Platts
Mr. B. Szalma	Hungary	Mr. H. Laue	Gisholt Shipping Inc.
Mr. G-E Duci	Italy	Mr. F. Carvalho	NovaAlgoma
Mrs. G. Reghellin Carlini FICS	Italy	OBSERVERS	
Mr. S. Carlini MICS	Italy	Mr. A. Challinor	Osiris Consultants

Present:

Mr. J.C. Williams FICS	General Manager
Mrs. V.L. Marsh FICS	Assistant General Manager

This meeting was undertaken in compliance with FONASBA's Anti-Trust and Competition Policy and at no time were any discussions undertaken in relation to: fixing of terms, prices or rates, matters relating to particular customers or suppliers, boycotting or black listing particular customers or suppliers, dividing markets or customers or otherwise seeking to distort competition

Item

Action

1. **President's Welcome, Chair's Opening Remarks**
The **President** formally welcomed delegates to the Meeting. He also explained the reason behind the proposed name change for the Committee and, stating his wish for an open and productive exchange of views, handed over to the **Chair**, who added his welcome to everyone present, especially all the speakers. The **General Manager** reminded those present that the meeting was being held in accordance with FONASBA's Anti-Trust and Competition policy (see above).
2. **Minutes of the Last Meeting held Cancún, 17th October 2018**
No comments were received, the minutes **were approved**.
3. **Matters Arising**
There were no matters arising that were not otherwise covered in the agenda.

4/5. **C&D Committee Activity Update/GENCON Revision**

The **Chair** updated the meeting on the activities undertaken by himself and the **Vice Chair** during the past year and outlined his aspirations for the future. Actions during the previous year included promoting FONASBA at a number of shipbroker dinners, the activity on the Shipbrokers' Facebook page, the **Chair's** participation in the BIMCO GENCON revision and the provision to Members of the Baltic Exchange weekly summaries of dry and tanker market fixtures. Looking forward, he reaffirmed that he and Mr. **El Mezouar** were taking every opportunity to promote FONASBA in the shipbroking sector but also appealed to associations to bring issues and matters of interest to their notice so that appropriate action could be taken or information circulated. The **Chair** also reminded the meeting that proposal to change the name of the Committee to the Ship Broker Committee (to be discussed at the Council Meeting) was driven by a need to make its purpose, direction and objectives clearer to both the membership and the sector itself. (*Post-meeting note: The proposal to change the name to the Ship Broker Committee was duly endorsed at Council on 3rd October*).

Following from that summary, the **Vice Chair** presented the results of the survey initiated to ascertain the level of participation, and engagement, by shipbrokers within the membership. A copy of the presentation can be downloaded from the Members' Area of the FONASBA website, as indeed can the other presentations given at this meeting.

During comments from the floor, both Dr. **Geisler** and Mrs. **Collins** stressed the importance of networking opportunities for shipbrokers and recommended that those associations who already held them should promote them amongst the wider FONASBA membership – and those that did not should consider doing so. It was also suggested that charterers, as well as agents, should also be invited to attend, both as a means of increasing the attractiveness of the events to brokers as well as to the association membership as a whole. There was also a benefit to FONASBA in circulating information on other such events, for example commercially organised seminars and meetings. In terms of attracting brokers into association membership, Mrs. **Cardona** suggested a lower fee may act as an incentive.

The **Vice Chair** fully endorsed the comments and encouraged associations to forward notice of such events to him so that they could be further promoted amongst the membership. Having FONASBA provide information on these events (even if there is no FONASBA involvement) would raise the profile of the Federation and encourage brokers to regularly check the Facebook page for news of networking and other opportunities – and also lead to them to look further into FONASBA's activities for the sector.

Summarising the discussion, the **Chair** thanked everyone for their suggestions and said that they would be taken into account. He also reminded the meeting that FONASBA was in the early stages of discussions with BIMCO and ICS for the provision of education and training programmes specifically for brokers.

6. **Documentary Committee Reports**

The **Chair** invited Mr. **Wolmar** (for ASBA), Mr. **Larsen** and Ms. **White** to update the meeting on the activities of their Documentary Committees over the past year.

Introducing the ASBA DC, Mr. **Wolmar** said that its guiding principle was to develop a small number of balanced and neutral documents that met the needs of a broad section of the industry. The Committee consists of five brokers, all of whom are volunteers. As examples of ASBA's approach to developing effective and enduring forms, he reminded the meeting that some fixtures were still being concluded on the 1946 version of the NYPE and that the ASBACHEMVOY (for chemical trades) was preferred to BIMCO's equivalent, BIMCHEMVOY. In terms of the work programme, he said the Committee was working with BIMCO on a revised tanker voyage charter, the ASBATANKVOY and was in the early stages of developing an updated gas tanker equivalent, ASBAGASVOY. ASBA's cooperation with BIMCO also extended to having a representative on the GENCON revision sub-committee. He gratefully acknowledged BIMCO's experience and global reach in terms of developing and marketing forms.

Mr. **Larsen** thanked Mr. **Wolmar** for his complimentary comments and also wished FONASBA a happy 50th birthday. He began his report by stating that BIMCO was reviewing the overall strategy of the DC in order to make sure it, and the forms it developed, remained effective and relevant. Turning to the documents under development and review, he highlighted the review of the GENCON and reassured the meeting that the breadth and depth of the changes being proposed were being carefully monitored to ensure they were not so far reaching as to effectively launch a new form. He also acknowledged the contribution from FONASBA to the development work. Other work included a revision of the GENCOA contract of affreightment charterparty, the

ASBAGASVOY referred to in the ASBA report, the LNG Bunker Purchasing Contract and the revision of the standard sale and purchase form. He also reported that BIMCO was working with ISSA to develop a standard ship supply contract. Clauses included those addressing issues arising from the 2020 sulphur cap and sanctions clauses for time and voyage charter parties. The documentary issues arising out of the development of autonomous ships are also under scrutiny by the Committee.

Congratulating FONASBA on its 50th anniversary and ASBA for having organised the meeting, Ms. **White** said that the main issue for INTERTANKO's DC had been the need to provide guidance and clauses for its members in relation to the 2020 sulphur cap. This was followed by a presentation on the detail of the new clauses, which she said were in the public domain and thus available free for use by the market. She also reported on the clauses developed by INTERTANKO and BIMCO in relation to contractual issues for scrubber fitted vessels.

The presentations given by Ms. **White** and Mr. **Larsen** are available for download from the Members' Area.

The **Chair** thanked all three presenters for their reports and gratefully acknowledged their actions on behalf of the chartering community.

7. **ITIC Claims Review**

Mr. Jamieson once again addressed the meeting on issues giving rise to claims against agents and brokers. His presentation is similarly available for download.

Claims covered this year included one against a ship agent who received a spreadsheet from their principal showing the ship on which cargoes had been originally loaded in one column and in another column which of two subsequent feeder ships would be used to carry the cargo to the final discharge port. The latter two ships were scheduled to arrive a week apart. The agent misread the spreadsheet and mistakenly notified some of the consignees of the wrong arrival date for their cargo. This error was not noticed until after the first ship had arrived, meaning that some of the consignees had not presented the required clearance documents, believing that their cargo was not due to arrive for another week. The shipping line held the ship agent responsible for the extra charges received from the terminal due to the delay.

Mr Jamieson reminded the meeting of the very common diversion of funds scam where messages are sent by fraudsters altering bank account details. He said ITIC had seen attempts to place responsibility for checking messages onto the broker. Brokers have been sent messages saying "If Broker notifies Charterer of any change in Owner's bank account details, Broker shall ensure that said change has been checked and cleared directly with the Owners. Broker shall indemnify Charterers for any loss caused by the change in account details". Mr Jamieson pointed out that such attempts to leave the broker with responsibility to check will not however resolve the fraud problem. Charterers must carry out their own due diligence. The charterer cannot be sure what they have received was what the broker sent. Ultimately the charterer is the paying party.

Mr Jamieson also reminded the meeting of the ITIC post-fixture clause which brokers should send to their principals to ensure that post-fixture messages are sent to the correct recipients. The text of the clause is included in Mr. Jamieson's presentation.

9. **The Shipbroker: A Profession in Continuous Change**

The **Chair** elected to reverse the order of the two panels and invited Mrs. **Collins** to moderate this discussion on the future of the shipbroking profession and its relevance to current practice when fixing vessels. She introduced the panellists, Mr. **Laue**, President of Gisholt Shipping, Mr. **Gillie** FICS, ICS Federation Council Chairman and Managing Director of UK ship owner Gillie & Blair, and Mr. **Carvalho**, Director of International Business Development at NovaAlgoma Short Sea Carriers. All the speakers confirmed that using brokers added considerable value to their business, citing their significant knowledge of the trades and their ability to provide useful information during the chartering process as being particularly important. In terms of future developments, they agreed that new technology had a place, and brokers would indeed make use of it, but primarily as an aid to decision making and information sharing, not as a means to effect transactions independently of the broker's contribution. With regard to the question "is bigger better?", they agreed that the major broking houses provided significant added value by having all the resources in one location but at the same time recognised the benefits of using smaller, specialised brokers where the commitment to personal service, close and detailed knowledge of the trade and one to one contact with the principal were of paramount importance. On direct principal to principal fixing, they acknowledged that this took place, but most often in trades where the main terms of the fixture remained unchanged from transaction to transaction. They still supported the view,

however, that using a broker added considerable value to the process where the details changed from fixture to fixture. All three also reaffirmed that they would continue to employ brokers for the foreseeable future.

8. The 2020 Sulphur Cap, the Impact on Freight Rates

This second panel was moderated by the **Chair**, with a panel comprising Mr. **Eckett**, Associate Editor for Freight Markets at S&P Global Platts, Mr. **Sarre**, Chair of the BIMCO Documentary Committee and Chief Legal Officer of the Belgian ship owner CMB, and Mr. **Duci**, who is also a ship owner. Mr. **Eckett** opened the panel by giving a detailed assessment of the options open to ship owners to reduce sulphur emissions and indications of the expected availability of Ultra Low Sulphur fuel.

He then provided a case study into the impact fuel prices might have on the supply of wheat to Indonesia, where price differentials based on the use of ULS fuel could see a shift in the ratio of wheat purchased from its current sources, the expectation being that the Black Sea may overtake Australia as the main supplier.

Both Mr. **Sarre** and Mr. **Duci** agreed that there would certainly be some trades where bunker price differentials would indeed alter freight rates. All three panellists also agreed that although bunker suppliers were working to ensure that adequate quantities of ULS fuel would be available in major bunkering ports, demand could still outstrip supply, at least in the first few months after implementation.

At the close of the panels, the **Chair** thanked Mrs. **Collins and** all the panellists for their contributions to the discussions.

10. Conclusions and Closing Remarks

The **Chair** closed the meeting by stating his belief that there clearly remained a place for ship brokers in the future but that they had to adapt to changing circumstances and also fully embrace new technologies, but with the latter as an aid to their business, not a substitute for their knowledge and experience. He also confirmed that it was his intention that panels on similar issues would be a permanent agenda item for future meetings.

11. Date and Place of Next Meeting

The **Chair** advised that subject to Council approval, the inaugural plenary meeting of the Ship Broker Committee would take place in **Genoa** the **week commencing 12th October 2020**, with the exact date to be notified in due course.

There being no further business to discuss, the Chair brought the 2019 C&D Plenary Meeting to a close.

JCW/01.2020