

Training Specification

Session name	Ship Sale & Purchase Part I [learning through case studies]
Session code	SSP 1
Duration	6 hours of interactive teaching and 1 hour of case study workshop)
Training Organisation	SKILLSPLUS LTD.
Trainer Name	Jagmeet MAKKAR
Who should attend?	Commercial, Technical Shipping, Finance and Accounts Personnel

Session outline

Part I Ship Sale & Purchase session is designed for busy Managers and Executives employed in Commercial Shipping, Ship Management, Ship Owning, Banks and legal firms as well as Classification Societies. It is essential for all the stakeholders involved in Shipping asset transactions to understand the rights and obligations of the concerned parties and how it affects them. This knowledge is expected to add value through reduced number of disputes, as well as minimising the sums involved.

First part of this session focuses on the commercial aspects of Shipping. Managers are highly proficient in the area of respective expertise. However, this session gives them an additional and much desired exposure to basic shipping economics to begin with and then moving on to discuss drivers of supply and demand and equilibrium freight. It then imparts basic knowledge of Sale & Purchase (second hand), New Building and demolition markets.

Second part introduces different sale & purchase forms and evolution of forms in general, focusing on the Norwegian Sale Form (NSF) 1987 in this first session to explain general structure, key points and important clauses. Level II Ship Sale & Purchase Session discusses, providing rationale, the difference between the NSF 1987, 1993, 2012, 2022 forms.

Note

The aim of this series of sessions is to equip the attendees with tools necessary to think broadly in terms of safeguarding and enhancing "Owners Interest" through working closely with the cross-functional teams. It is essential that the efforts of all teams are aligned to be successful.

Content outline

- GDP, World Trade and Shipping
- Shipping sectors, market players, trade Routes and change drivers
- Shipping demand, supply and resultant freight
- Shipping Markets and changing dynamics
- Sale & Purchase forms and their evolution
- Second Hand Sale & Purchase market
- New Building Market
- Demolition Market
- Sale Versus operate: brief introduction ("in detail" analysis in Financial Management Level II)

- S&P negotiations
- Sales of Goods Act 1979
- NSF 1987
- Extra emphasis on “Condition on Delivery” and “Caveat Emptor”

Workshop:

S&P negotiations through formation of teams (Seller, Seller’s Broker, Buyer’s Broker, Buyer).

Learning objective

On successful completion of this session, the attendees will:

- (1) Knowledge and understanding:
 - Gain basic understanding of shipping economics, market players and interaction between these players.
 - Understand Second Hand, New Building and Demolition Markets
 - Understand the structure of the contract
 - Understand important “do’s & don’t do’s” during negotiations
- (2) Skills
 - Think “RISK” while negotiating the deal. Retain what you can manage, transfer what you cannot, hedge/insure what you cannot transfer.
 - Learning to work as a team (shipboard closing/document closing etc.) to save time and money with minimal or nil disputes while maintaining/strengthening relationships.

The Part I and Part II course include below and more:

Development of Saleform from 1966 to 2022 with key differences between the saleforms along with the case law leading to the revisions.
Caveat Emptor (Buyer Beware): Detailed discussion about Inspection Clause (including key areas of inspection, sales of goods act 1979 and the case of Union Power)
Purchase Price & Deposit (the case of the AKTOR)
Clause 7: Spares, exclusions, bunkers, taxes, fees, expenses
Notices, Notice of Delivery key issues, disputes,
Physical Protocol of Delivery and Protocol of Delivery, Financial closing and documentary requirements
Maritime Lien: Registered writs, lien insurance
Post-delivery matters and documentary obligations, right to change of name / funnel markings
Seller’s undertakings/warranties, Latent defects (including New Building)
Sellers’ obligations / default clause
Buyers Obligations / default clause
Dispute Resolution methods and their pros and cons, Law of the Contract and Arbitration Agreement, Arbitration process overview.
Entire Agreement clause and exclusion of implied terms (e.g. Sales of Goods Act 1979)

Assessment:

Coursework consisting of 3 questions which shall be submitted within 15 days of completion of the session. Individual feedback will be provided.

Suggested reading list:

Articles written by Jagmeet Makkar
BIMCO Sample SALEFORMS and explanatory notes
Institute of Chartered Shipbrokers: Shipping Business; Ship Sale & Purchase

Version: 1.3 / Version date: May 2024