

Training Specification

Session name	Ship Sale & Purchase Part II [learning through case studies]
Session code	SSP 2
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 covered 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 Level II); S&P negotiations; NSF 1987; and, Extra emphasis on “Condition on Delivery” and “Caveat Emptor”.

Part II focuses on the difference between the NSF 1987, 1993, 2012, 2022 forms and the rationale behind these changes, especially clause 6 (Divers Inspection/Dry Docking) and clause 7 (Spares, bunkers and other items) and clause 11 (Condition on delivery) where even technical staff and classification society (except clause 7) have a role to play. We will also see how the sales of ships influences the third-party contracts. The session ends with a brief overview of the disputes in sale and purchase contracts and how to avoid them. **Discussion of the sale form includes the Sale of Goods Act 1979.**

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

- A review of NSF 1987
- Differences between NSF 1987, 1993 and 2012 and rationale for such changes
- Clause 6 (Divers Inspection/Dry Docking) and Clause 7 (Spares, Bunkers and other items).
- Clause 11 (Condition on delivery): Paper obligation....Average Damage Affecting Class?
- Role of Managers in safe-guarding their respective owners’ interest
- Notice of Readiness and related issues
- Sale & Purchase likely disputes and how to avoid them. **Reference made to Sale of Goods Act 1979**

Workshop:

The case of AKTION (1987): Group discussion

Learning objective

On successful completion of this session, the attendees will:

- (1) Knowledge and understanding:
 - Structure of NSF
 - Key difference between the forms and how it impacts the rights and obligations
 - Importance of using tried and tested clauses and avoid homemade clauses
- (2) Skills
 - Ability to spot key elements in the sale and purchase contracts
 - Think “Risk” and minimise dispute possibilities

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 NSF 1987, 1993, 2012, 2022 and explanatory notes
Institute of Chartered Shipbrokers: Shipping Business; Ship Sale & Purchase