

ANNEX 1 GLOSSARY OF KEY SHIPPING TERMS

Aframax	A tanker of 80.000-120.000 DWT. Originally a vessel of 79.999 DWT, but the type has subsequently grown and is today typically of 800.000 barrel capacity. Increasingly these vessels have coated tanks and are capable of carrying clean products.
AG	See MEG
Alumina	Aluminium-oxide. Intermediate product for making Aluminium
Ballast	Water carried instead of cargo in order to stabilise an empty vessel. Time spent not carrying cargo is time “in ballast”.
Bareboat charter	An arrangement whereby a vessel is leased for a certain period. Under a bareboat charter, the charterer has to cover crew and operating expenses. Also see Annex 2 Legal definitions.
Barrel	159 litres (42 US gallon) of oil. There are about 7.1 barrels in one metric ton of oil.
Bauxite	Raw material for Aluminium
BDI	The Baltic Dry Index is an index covering dry bulk shipping rates and managed by the Baltic Exchange in London.
Bill of Lading	A document that establishes the terms of a contract between a shipper and a transportation company. It serves as a document of title, a contract of carriage and a receipt for goods. Also see Annex 2 Legal definitions.
Break bulk	Traditionally, the term was reserved for general cargo vessels carrying smaller parcels of non-homogeneous cargoes. For the most part, this trade has been replaced today by container transport.
Bulk	Unpacked, free-flowing cargoes, such as coal, ore and grain. Also liquid
Bunkers	Ship’s fuel, either diesel (in the case of vessels with motor propulsion) or heavy fuel oil (in the case of vessels with turbine propulsion).
C&F	Carriage and freight. This means that the cost of the cargo and the freight to move it to the destination is included (it excludes insurance).
CAGR	The Compound Annual Growth Rate is the year-over-year growth rate of an investment over a specified period of time.
Capesize	Dry cargo carrier of 100,000 DWT or larger.
CEU	Car Equivalent Unit
Charter party	Contract agreement between shipowner and carrier specifying the lease terms for a voyage or hire period.
Charterer	The legal person who has signed a charter party with the owner of a vessel or an aircraft and this hires or leases a vessel or a part of the capacity thereof.
CIF	Cost, Insurance and Freight
Class, Class Society	See “Special Survey”
Clean Petroleum Products (CPP)	Gasoline, Jet Fuel, Naphta and Clean Condensates. Carried primarily on clean petroleum tankers, which include MR, LR1 and LR2 tankers.
Clean product tanker	Tanker primarily carrying clean oil products. Includes MR, LR1 and LR2 tankers. Can also carry dirty oil products, but needs special cleaning if it is to start transporting clean products after having transported dirty petroleum products.
Coal, Coking	Quality of coal used as reduction agent in blast furnace steel production. Also called Metallurgical Coal.

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Coal, Thermal	Quality of coal used in power utilities for generation of electricity. Also called Steam Coal.
Combination carrier	Ship capable of carrying alternating types of cargo. Often used synonymously with OBO carrier, referring to a ship that can alternate between Oil, Bulk and Ore cargoes.
Containerized cargo	Cargo shipped onboard specialized containerships, reefers or tweendeckers. May include refrigerated cargo (see below) as both containerships and modern reefers have reefer container capacity
Contract of affreightment (CoA)	The contract of affreightment is an agreement between the shipowner and the charterer, where the shipowner undertakes to carry quantities of a specific cargo on a particular route or routes over a given period of time using ships of his choice with specified restrictions. Also see Annex 2 Legal definitions.
Crude oil	A vessel which is primarily carrying crude oil, but can also be used to carry dirty petroleum products. Crude oil is primarily carried on Panamax, Aframax, Suezmax and VLCC/ULCC tankers. Can also be transported on tankers which can carry clean petroleum products, combined carriers and parcel tankers.
Demolition	Vessels that are past their useful lives are broken up and the steel and parts are sold. This is a labour intensive work and mainly takes place in developing economies such as India, Pakistan and Bangladesh.
Dirty petroleum products (DPP)	Crude oil, fuel oil and diesel oil
DJIA	Dow Jones Industrial Average index
Double hull, Double Sides, Double bottom	Various construction methods. Starting with OPA-90, international rules and regulations now require that tanker newbuildings have double hulls. This means that outside the tanks there is a further layer of hull, at least 2 metres away from the cargo. The purpose of this is to contain the cargo, even if the outer hull is breached, and thereby protect the environment. Between the introduction of SBT and the compulsory double hull, many vessels had double sides or double bottoms for other reasons, e.g. space for the SBT tanks or protection of hazardous cargoes. However, not all these designs meet the current specifications for double-sides or double-bottoms.
Dry cargo	Commodities that are dry and do not require specialised handling at ports, thus enabling homogeneous handling. These commodities move relatively unprocessed and are typically of high volume and lower value. dry bulk includes commodities such as grain and coal.
Dry cargo carrier	A ship carrying general or bulk cargo. See "Bulk".
Dry-docking	As part of maintenance the vessel's outside bottom has to be inspected, cleaned and painted. This is done by placing the vessel "high and dry" in a floating or landlocked dock. Often combined with class' inspection. See also "Special Survey".
DWT (dead-weight tonne)	A measure (normally in metric tons) of a ship's carrying capacity, including bunker oil, fresh water, crew and provisions.
FFA	Freight Forwarding Agreement. OR Freight Future Assessment
FOB	Free on Board. The cargo is loaded onto the ship at no charge to the owner.
FP	Fully pressurised vessel: typically 0°C and 17-18 kg/cm ²
FR	Fully Refrigerated vessel: typically -48°C and 0 kg/cm ²

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Freight contract	The shipper buys transport from the shipowner at a fixed price per tonne of cargo and leaves the management of the transport to the shipowner.
Freight owner	This term is not used in shipping.
Freight rate	The agreed freight charge, normally measured by metric ton of cargo, cubic meter of cargo, dead-weight ton per month or days.
FSO, FPSO	Floating (Production) Storage Offloading vessel. Vessels that are used in offshore oil production, either taking processed crude from another installation and storing it until it can be brought to shore (FSO) or a vessel also fitted with production equipment. In the latter case the vessel can be connected "directly" to the well. Suitable for smaller fields far from existing infrastructure because the most expensive asset can be reused on another field later.
General cargo carrier	See OHBC
Handymax	Bulk carrier of approx. 40-55,000 dwt. Fitted with cranes. Latest generation of bulk carriers 50-55,000 dwt often referred to as "Super Handymax".
Handysize bulker	Bulk carrier of approx. 20-40,000 dwt. Usually fitted with cranes.
Handysize tanker	Oil tanker of approx. 10-50,000 dwt.
HBL	Hydrostatically balanced loading, for the purpose of balancing oil and water pressure so that no oil leaks out in case a vessel runs aground. HBL reduces cargo intake with about 7% on average. See also "IMO".
HRC	Hot Rolled Coils.
HS	The Harmonized Commodity Description and Coding System, generally referred to as "Harmonized System" or simply "HS", is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It comprises about 5,000 commodity groups, each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. The system is used by more than 190 countries and economies as <u>a basis for their Customs tariffs and for the collection of international trade statistics</u> . Over 98 % of the merchandise in international trade is classified in terms of the HS.
IBC code	The IBC Code lists chemicals and their hazards and gives both the ship type required to carry that product as well as the environmental hazard rating.
IMAREX	IMAREX is the only organized marketplace in the world for trading and clearing of freight derivatives. They offer full service brokerage including a trading platform and clearing house. The freight covered is for wet and dry cargoes with forward coverage of the same liquid route/vessel size combinations that are listed on the Baltic Exchange.
IMO	International Maritime Organisation, the UN organisation dealing with maritime matters. <i>I.e.</i> the IMO has passed conventions (Marpol 13G) specifying that tankers more than 25 years old must either be equipped with segregated ballast tanks (SBT), full double hull or employ hydrostatically balanced loading (HBL) to continue trading.
IMO 1	Vessels which are qualified to carry IMO 1 type chemicals. Vessels are no larger than 40,000 dwt.
IMO 2	Vessels which are qualified to carry IMO 2 type chemicals. Vessels are no larger than 120,000 dwt.

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IMO 3	Vessels which are qualified to carry IMO 3 type chemicals. Vessels are no larger than 120,000 dwt.
Lane meter	One lane meter is 2,7 to 3,0 meters wide and minimum 4 meters high.
Lay-up	When rates are unprofitable a vessel can be laid-up. That is: She is anchored with a minimum crew (often just a caretaker) and all systems turned off. Both entering and breaking lay-up the owner will incur some costs. During the late 1970s and early 1980s there was significant lay-up of modern tanker-tonnage.
LGC	Large Gas Carriers: 60,000m ³
Liquid cargo	Commodities that are shipped in a liquefied state, by vessels designed to handle liquids. These include commodities such as Liquefied Natural Gas (LNG) and Animal and Vegetable Oils.
LNG	Liquefied natural gas which is carried on purpose built vessels. Capacity measured in cubic metres. Typical vessel capacity of approx. 150,000 cubic metres.
LOOP	Louisiana Offshore Oil Port. Opened in 1981. LOOP is 18 miles off the Louisiana coast, situated in 115 feet of water. Protected by a safety zone, which encircles the facility within a 36-square-mile area.
Loose cargo	Individual items, boxes, pieces of machinery etc, each of which must be handled and stowed separately. Most loose cargo would come within our definition of break bulk.
LPG	Liquefied petroleum gas which is carried on purpose built vessels varying in capacity from 700 cubic metres to 80,000 cubic metres. The main cargoes for LPG tankers are LPG, ammonia, naphtha and petrochemical gases.
LR	Long range oil tanker. LR1 approx. 50-80,000 dwt. LR2 approx. 80-120,000 dwt.
Major bulk cargoes	Iron ore, coal, grain, phosphates and bauxite. Transported in dry bulk vessels.
Majors	Originally the largest Anglo-American oil-companies ("The Seven Sisters"). Today both Vela and Statoil have similar positions in the tanker-market: controlling large fleets of their own and setting the standards of acceptability. E.g. "major's approval" is seen as a mark of quality for an older tanker.
Management company	A company (often a third party) that assumes responsibility for the operation and administration of vessels, viz. crewing, technical operations and maintenance.
Marpol	See "IMO"
MEG	Middle East Gulf. Also Arabian Gulf (AG) or Persian Gulf (PG).
MGC	Mid-size gas carriers: 20,000- 40,000 m ³
Minor bulk cargoes	The non-major bulk cargoes, including cement, gypsum, Steel products, non-ferrous metal ores, sugar, sulphur, salt, forest products, wood chips, etc.
MPC	Multipurpose carrier. See OHBC.
MR	Medium range oil tanker of approx 30-55,000 dwt.

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MT	Motor tanker. Denotes a tanker equipped with diesel-driven engines. Most modern tankers are motor tankers. Compare with “TT”.
Naptha	A liquid fraction of crude oil. Used as a refinery feedstock.
NCC	Non-containerised cargo
Neo bulk	Cargo requiring specialised shipping and handling at ports and includes items such as motor vehicles and refrigerated cargoes. These vessels are often designed to accommodate specific commodities, although commodities vary in their degree of specialisation.
North Africa	Primarily used for Algeria and Libya, which are oil and LPG exporting countries.
O/O, VLOO	Ore-Oiler, Very Large Ore-Oiler. See combination carrier.
OBO carrier	See “Combination carrier”.
OHBC	Open Hatch Box-Shaped Bulk carrier of approx. 40-55,000 dwt. Fitted with cranes. Also referred to as Multi Purpose Carrier (MPC) and General Cargo Carrier.
OPA-90	The Oil Pollution Acts of 1990, an American law that imposes far-reaching requirements on shipping companies, vessels and crews when carrying petroleum products to the United States and within the US economic zone (within 200 nautical miles of the coast). Enacted after the Exxon Valdez accident in Alaska in 1989.
Operating cost	The costs of technical operations of ships, crewing and insurance (excludes capital costs).
Other Asia	Other Asia includes Asia less China, Japan and Australia.
Palletized cargo	Cargoes packed onto a pallet for easier storage shipped, for instance, on reefer ships (refrigerated fruit, meat etc) or ro-ro vessels (machinery, trains etc)
Panamax	Ship in the 55,000 to 80,000 DWT range, but narrower in beam than 100 ft (32.2 metres), which is the largest capable of navigating the Panama Canal.
PCC	Pure Car Truck Carrier. Used in the Report to mean both PCC and PCTC. No hoistable decks 2500-3000 Cars. Last vessel built was in 2001, before that last done was early 1980s.
PCTC/PCC	Pure Car Truck Carrier/Pure Car Carrier. Used in the Report to mean both PCC and PCTC. Modern vessels vary in capacity from 4,000 to 8,000 CEU
Petrochemical gases	Include VCM, butadiene, propylene, C4 and ethylene. These are intermediate products in the petrochemical industry.
PG	See MEG
Phosphate	Raw material for fertilizers and Phosphoric Acid.
Pig Iron	Iron produced in blast furnace
Product tanker	Tanker that carries refined oil products. Tanks are typically coated.
PSD function Reefers	Parcel Size Distribution Purpose built vessels for temperature controlled cargo. Capacity measured in cubic feet.

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Refrigerated cargo	More accurately called temperature controlled cargo – perishable cargoes that must be shipped, chilled or frozen, in insulated holds or refrigerated containers.
Ro-ro	Roll-on, roll-off. In Europe 1200-1400 lane meters. One lane meter is 2,7 to 3,0 meters wide and minimum 4 meters high.
SBT	Segregated ballast tanks. Tanks intended exclusively for ballast water. Enacted by IMO as a requirement for all new tankers since the mid 1980s. Also enacted as an alternative to HBL for tankers more than 25 years of age. It is estimated that retrofitting of SBT on a VLCC built in the 1970's costs some USD 7-10 million.
Scrapping	See “demolition”
Ship operator	A ship operator is the (legal) person making decisions about the daily operation and employment of the ship and crew.
Shipbroker	Due to the technologically homogenous and commercially fragmented market there are brokers involved in most transactions in shipping, be it fixing a vessel for a short voyage or ordering a new vessel. In the present context the shipbrokers' valuation of various standard tonnage types is the most relevant.
Shipper	The merchant (person) by whom, in whose name or on whose behalf a contract of carriage of goods has been concluded with a carrier or any party by whom, in whose name or on whose behalf the goods are actually delivered to the carrier in relation to the contract of carriage.