

## **BIMCO DRAFTS NEW AGREEMENT FOR SHIP SALE AND PURCHASE**

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### **WHAT IS BIMCO?**

BIMCO, which stands for Baltic and International Maritime Council, is the largest of the international shipping associations representing shipowners. Its membership controls around 65% of the world's tonnage and it has membership in more than 120 countries, including managers, brokers and agents. The association's main objective is to protect its global membership through the provision of information and advice, and while promoting fair business practices, facilitate harmonisation and standardisation of commercial practices and contracts.

It was founded under the title of "The Baltic and White Sea Conference" in Copenhagen in 1905 and was the first organisation to see the benefit if joining forces with other countries to secure better deals and standard agreements in shipping. As the organisation grew and became bigger, it was renamed – The Baltic and International Maritime Council – and at present day – simply BIMCO.

### **BIMCO CONTRACTS**

BIMCO is today, recognised worldwide for the clarity, consistency and certainty of its standard maritime contracts which are used by members and non-members who have access to such standardised contracts for their own contractual needs. The aim of BIMCO in producing standardised contracts is to produce commercial agreements that are fair to both parties. BIMCO's charter parties, bill of lading and other standard agreements are used by many of the players in the maritime industry as these agreements are fairly standard and are believed to have clauses that represent the interests of both parties.

The dynamism of BIMCO is reflected in the way and manner it always updates its contracts to ensure that fairness is always maintained and they keep in line with industry standards. For instance, its SUPPLYTIME contract, a time charter party for offshore support vessels received an update in 2017 over the 2005 version.

Interestingly, despite its plethora of contracts, BIMCO does not have a standard Sale and Purchase (S&P) Agreement for the maritime industry. Thus, in 2020, BIMCO is developing its own standard Memorandum of Agreement (MOA) for ship S&P. One of the key objectives as work progresses on the S&P agreement is avoiding the risk of disputes about the interpretation of clauses. The drafting group has worded the contract as clearly and as unambiguously as possible, and the next step is to invite feedback from the industry on the draft MOA.

Getting a feedback from potential users of the new form is vital to ensure the industry gets a product that matches its needs when buying and selling ships, and plans are underway to hold public consultation events in Copenhagen and Athens in March and then further afield afterwards.

### **How We Can Help**

At Brooks and Knights, our consultants are well versed in the application and negotiation of BIMCO agreements. Thus, our consultants are just a phone call away from helping you to meet your every contractual need as they are also versatile in advising on tax related maritime matters, contract review and negotiation. Please [Contact Us](#).