



GROUPE INTERNATIONAL DES IMPORTATEURS DE GAZ NATUREL LIQUEFIE

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FOR IMMEDIATE RELEASE

International Group of Liquefied Natural Gas Importers (GIIGNL)

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## BIMCO and GIIGNL PRESS RELEASE

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### **BIMCO and GIIGNL publish a groundbreaking voyage charter party for LNG trade**

BIMCO and the International Group of Liquefied Natural Gas Importers (GIIGNL) have today jointly issued the first definitive voyage charter party – LNGVOY - designed for the expanding LNG spot market. During the development process, BIMCO and GIIGNL consulted with the industry globally to gather a clear picture of how an LNG voyage charter party should work in practice. Careful account was taken of the interests of both owners and charterers to create a balanced and clearly worded agreement.

One of the main goals of LNGVOY is to provide a charter party whereby the charterer can assess, with a greater degree of accuracy, the cost of transporting LNG from A to B and/or C.

Four main issues inherent in LNG shipping have been addressed for voyage charters:

- **a “boil-off” cap** whereby both owner and charterer agree on a negotiated maximum quantity of boil-off over the voyage. In case the cap is exceeded, a compensation structure, agreed during negotiations, is applied, subject to a few limited exceptions.
- **LNG Heel** at the commencement and completion of the voyage - it was considered that legal title (ie ownership) to the heel should remain with the owner throughout the charter and that there would be a balancing payment between the quantities remaining on board, again, at the commencement and completion of the voyage. This arrangement helps avoid potential issues with administration and bills of lading etc.
- **Presentation** - condition of the cargo tanks on arrival at the loading port is now covered. The costs involved can be handled adequately under a voyage charter as opposed to a time charter trip covering the three potential conditions:
  - cooled down ready to load
  - warm under natural gas vapours
  - warm and inerted.



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- **Arrival at discharge port** – given the inherent nature of the cargo, scheduling of arrival times at discharge carries great importance and delays can be very costly. As a result, most voyages have a specific delivery window and risks of delay and ensuing boil-off have been allocated.

Chairman of the LNGVOY drafting group, Rodney Hyne-Jones, formerly of Exmar, said:

“LNGVOY is equitable to both owners and charterers and provides a solid contractual platform for the transportation of LNG in an ever-growing spot market. It enables all parties to handle the costs involved in a more precise way.”

According to Vincent Demoury, General Delegate, International Group of Liquefied Natural Gas Importers:

"GIIGNL hopes that a pro forma voyage charter dedicated to carriage of LNG will assist the LNG industry in maximising opportunities for the sale of spot cargoes and the carriage of LNG on simple, predictable terms."

Grant Hunter, BIMCO Chief Officer Legal and Contractual Affairs added:

“BIMCO is delighted to have had the opportunity to work together with GIIGNL on this project to develop a viable standard voyage charter party for the LNG trade.

“LNGVOY is the product of several years’ worth of thorough discussion. It’s something completely new for the LNG sector which has, until now, relied primarily on trip time charters for spot market opportunities.

“This new charter party gives owners and charterers another alternative when deciding on the most appropriate terms for their LNG transportation needs.”

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### Notes to editors

LNGVOY was written by a team of experts headed by Rodney Hyne-Jones (Chairman) and included Matthew Higgs, GIIGNL/Total; James Palairat, Affinity; Sumit Madhu, Thomas Miller; Lasse Brautaset, Nordisk; Pranay Thapliyal, MOL; and Peter Reid, Vitol. Special thanks also go to Ingolf Kaiser and Stuart Beadnall of Stephenson Harwood.

A sample copy of LNGVOY and explanatory notes are available online at [www.bimco.org](http://www.bimco.org) and [www.giignl.org](http://www.giignl.org)



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## About BIMCO

- BIMCO is the world's largest international shipping association, with 2,200 members in around 130 countries.
- We provide a wide range of services to our global membership – which includes shipowners, operators, managers, brokers and agents.
- BIMCO's core objective is to facilitate the commercial operations of our members by developing standard contracts and clauses, and providing quality information, advice and education.
- BIMCO promotes fair business practices, free trade and open access to markets and we are a strong advocate for the harmonisation and standardisation of all shipping related activity.
- BIMCO actively promotes the application of globally agreed regulatory instruments – we are accredited as a Non-Governmental Organisation (NGO) with all relevant United Nations agencies and other regulatory entities.

## About GIIGNL

- Founded in 1971, GIIGNL is the International Group of Liquefied Natural Gas (LNG) importers. With 76 member companies located in 25 countries, the association acts as a forum for exchange of experience among its members, with a view to enhance safety, reliability and efficiency of LNG imports.
- GIIGNL provides its members with overviews of the general economic condition of the LNG industry and current, state-of-the art LNG technology, operations and best practices.
- Every year, GIIGNL conducts a wide survey amongst its members in order to publish a global statistical report, "The LNG Industry".