



APPLIES TO ACADEMIC YEAR 2016/2017

NSA 2512 Organizing the Shipowning Entity

Programme

Bachelor of Business Administration - BBA (3. year), Elective, Exchange Program

Responsible for the course

Cathrine Bjune

Department

Department of Law

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

The course offers an overview of the various ways of organizing the ownership of commercial vessels. The course provides an insight into company law and organizational forms chosen by owners such as limited companies, partnerships, pools and joint ventures. The management of such companies is covered, as well as the need for and use of third party service providers. The course examines the need for ships and the different ship types used in international trade. How to obtain ships through new building and sale and purchase, including contracts used for such purposes is covered, along with the financial funding of ships. This includes how to finance the ships with equity, loans and other methods of financing. The need for demolition of vessels, and the markets for demolition as well as practical procedures is covered. The legal framework the companies operate within, ship registration, choice of flag issues and classification is covered. The course also gives a brief overview of the markets in which the ships operate, and the factors determining changes in the markets and freight rates. How owners can hedge risks in the market by insurance, hedging and buying FFA's is covered.

The course is aimed at giving the students a better insight into and understanding of the shipping industry and practice in connection with owning and managing ships.

Learning outcome

Acquired knowledge

The students will learn about the structure of international shipping companies, and the practical and legal challenges facing the shipowners. The course will provide an insight into establishing and operating companies and ships, and methods for acquiring ships and thus the ability to provide transport services in an international market. The course covers rules applicable to limited companies, joint ventures, pooling arrangements, and contracts and procedures used for acquisitions of ships and demolition, as well as crewing contracts and third party ship management. Markets and contracts applicable to sale and the purchase of ships, and how such procedures are carried through from start to conclusion will be covered, and the students will learn how world trade impacts on the decisions to invest in different types of ships. The students will also learn how to finance vessels and risk hedging, and how the rules and regulations of different flag states and port states affect the set up and management of shipping companies and ships. This knowledge gives the students an overview of and understanding of the complexity of acquiring, owning and operating ships.

Acquired skills

After completing the course, the students will be able to understand the ownership structure of shipping companies, and how the international aspect of shipping and trade determine the investment in ships and the organisational form of shipping companies. The students will learn how to use and apply common contracts used for outsourcing of shipping functions, and why third-party providers are often used when managing shipping companies operating in a global and highly skilled industry. The students will also be able to use contracts for ship building and sale and purchase of ships and understand the concepts of ship finance, registration and classification. The students will recognize the markets for ship sale and purchase, ship building and chartering, and be able to use standard contracts applicable to such transactions. They will also learn how to hedge risks in a very volatile shipping market.

Reflection

After completing the course, the students will understand the connection between global consumption and the need for shipping services, and be able to reflect on the need for different types ships and the ownership structures chosen for ships, and how to acquire and finance the ships, as well as how to operate them efficiently. By focusing on future need and environmental aspects of shipping, the students will be able to make informed reflections on the business of owning and operating ships, the competition and volatility of the markets, and the need for third party service providers.

Prerequisites

None

Compulsory reading

Books:

Falkanger, Thor, Hans Jacob Bull, Lasse Brautaset. 2011. Scandinavian maritime law : the Norwegian perspective. 3rd ed. Universitetsforlaget. Chapters 2,3,4,5,7, 12, 22

Stopford, Martin. 2009. Maritime economics. 3rd ed. Routledge. Chapters 1,6,14,15,16,17. Selected chapters will be mandatory reading

Other:

Cathrine Bjune. 2016. Study guide in shipping. 1. BI. A study guide inclusive of relevant chapters from Grammenos book on International Shipping and Economics, standard documents and articles for additional reading along with relevant case work will be available through BI.. The study guide will complement the reading list

Grammenos, Costas Th., ed. 2010. The Handbook of maritime economics and business. 2nd ed. Lloyd's List. Chapters 1,3,26,28. The selected chapters will be provided on itslearning
selected standard contracts with commentaries published by BIMCO

Recommended reading

Other:

Selected articles

Course outline

- Basic English and Norwegian company law.
- The shipping market and its different players
- Different organizational forms of shipping companies
- Localization and jurisdiction applicable to ships and companies.
- Types of ships and their role in world trade
- Acquisition of ships
- New building, procedures and contracts
- Sale and Purchase of 2nd. hand vessels, procedures and contracts
- Ship finance
- Methods for ship finance and the role of the banks
- Shipbuilding contracts
- Demolition of ships, procedures and contracts
- The functions of the shipping company and the responsibilities of a ship owner
- Ship management and standard contracts commonly used when outsourcing management functions
- Crewing contracts
- Ship registration and choice of flag

Computer-based tools

No specified computer-based tools are required.

Learning process and workload

36 hours of lectures and 12 hours of case work and review in class.

Recommended workload in hours

Activity	Hours
Participation at lectures and excursions	36
Case work and review by lecturer in class	12
Work on cases handed out by lecturer	30
Preparation for lectures	72
Exam preparation	50
Total recommended time use	200

Use of hours

36 hours of lectures, including one excursion with lecturer

9 hours case work and reviews in class

45 hours total

Examination

A three-hour written exam concludes the course.

Examination code(s)

NSA 25121 - 3-hour written exam, counts 100% towards the final grade in NSA 2512 Organizing the Shipowning Entity 7,5 credits

Examination support materials

BI approved exam calculator. Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials (https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx).

Re-sit examination

Re-sit is offered every term.

Additional information