



NIGERIAN SHIPPERS' COUNCIL



PROCEDURES

FOR THE CONFIRMATION OF

FREIGHT RATES/CHARTER PARTY FEES

MANUAL

PROCEDURES FOR THE CONFIRMATION OF APPLICATION/REQUESTS TO THE CENTRAL BANK OF NIGERIA (CBN) FOR FOREIGN EXCHANGE FOR THE PAYMENT OF IMPORT/ EXPORT FREIGHT RATES AND CHARTER PARTY FEES FOR VESSELS.

As a pre- condition for requesting foreign exchange from the central bank of Nigeria (CBN) to pay for freight rates (import or export) and/or charter party fees, the CBN has directed that any such applications must be confirmed by the Nigerian Shippers' Council (NSC) in line with the revised Foreign Exchange Manual which came into effect on 1st August, 2018. The NSC is therefore advising that any such application for confirmation must follow the procedure below:

- I. Individuals/Companies cannot apply directly to the NSC. Such application(s) must be made to the Authorised Dealer Banks (ADB) with which applicants are maintaining accounts. The Authorised Dealer Bank (ADB) should in turn apply to the NSC on behalf of their client(s), attaching the applicant's letter to the bank.
- II. Any such application must clearly state:
 - The name of the individual/company on whose behalf the application is being made.
 - The purpose of the application i.e. whether it is for confirmation of freight rate or charter party fee.
 - For confirmation of freight rate, application must state whether it is for import or for export and also, specific issues relating to a particular transaction such as part payment should be clearly indicated in the letter of application for confirmation.
 - Applicants should note that the NSC will only consider an application for confirmation of freight rate for export if the sale contract is strictly on FOB & C&F basis.
 - The amount on the invoice given to the applicant by the receiver of the freight (the shipping company).
 - The applicant is additionally advised to attach the copy of the Form M. Form NXP/NCX, Bill of Lading, proforma invoice for the transacted goods and a copy of CBN's directive for confirmation.
 - As for application for confirmation of charter party fees, the applicant in addition to the invoice, must also attach the charter party agreement, Duly

- completed Form A, Sailing certificate issued by NIMASA as well as a photograph/brochure of the vessel in question.
- The area of operation and the precise location of the chartered vessel as at the time of the application must also be clearly stated.

NB: Applicants must bear in mind that the NSC will undertake a post audit visit (PAV) to ascertain the veracity of the information supplied by any applicant (including the determination of the existence of the vessel in Nigerian water (for the charter hire fees) and evidence of payment of the freight rates requested). This will be at the expense of the applicant.

- III. Proper documentation of requests for Confirmation of Freight Rates and Charter Party Fees should be ensured before submission as verbal communication to discuss issues concerning observed discrepancies in documentation will not take place and such applications will be returned.
- IV. Amount requested to be confirmed as stated in the letter of application must be the same as the amount indicated on the invoice for the transaction.
- V. Cargo quantity on the invoice must not be different from the cargo quantity on the Charter Party Agreement and Bill of Lading.
- VI. Applications for Confirmation of Reasonableness of Freight Rates and Charter Party Fees should be addressed to the Executive Secretary/CEO.
- VII. Applicants are advised to ensure their applications reach the NSC in good time before the due date for the payment of the fees. The NSC on its part will ensure that such applications are handled within 48hrs of receipt.
- VIII. Authorised Dealer Banks (ADB) should note that a pre-confirmation meeting to discuss details of the application will be held with either the bank, its client or both, on submission of any application (if it is deemed necessary).
- IX. Applicants who are regular users of foreign exchange for the payment of freight rates are further advised that they be conversant with the World Scale prices when reaching agreement for the payment of freight to shipping

ompanies as this will be used in confirmation of their requests. The NSC will additionally use its own information sources and the prevailing local industry conditions when confirming.

X. For the confirmation of charter party fees, Applicants should note that confirmation of such fees will be based on the Construction Industry Research And Information Association (CIRIA) rates for dredging equipment, while the following universal criteria for arriving at charter party fees will be applied for other categories of vessel:

- Duration of charter
- The type of product it transports (for tanker vessel)
- Area/port of operation
- Port of registration and the flag flown
- The time of charter and the choices available to the charterer

For further information, please contact us via email:
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