

**Question No.3 Briefly comment on the following:**

**b. Charterers pay only freight but , in certain cases, they may also be required to bear stevedoring expenses**



**Solution:** Though charterers pay only freight but, in certain cases, they may also be required to bear stevedoring expenses, wholly or partly. Stevedoring expenses include the loading, trimming or spouting and discharging expenses. The chartering agreement provides for the extent to which the charter rates cover these costs. Thus, charter rates can take any of the four following forms:

1. **Liner Rates:** Steve—doring expenses are borne by the ship owners who recover the same in the agreed freight. Thus, freight charged is inclusive of steve doring expenses. These rates are also known as Gross Rates.
2. **Free In and Out (FIO):** The agreed freight rates do not include steve doring expenses, which will be separately charged from the charterers. These rates are also known as rates on “Free Terms”.
3. **Free In and Gross Out:** In this case, loading expenses are excluded from the agreed rates while the discharging expenses are included in the rates.
4. **Gross In and Free Out:** In this case, loading expenses are included in the agreed rates whereas discharging expenses are not included in the agreed freight rates.