Owners and charterers alike have developed a greater interest in the potential benefits of reducing vessel operating speed. Since each vessel will have an optimum speed for fuel efficiency, it may make economic sense to proceed as close as possible to this speed as the potential fuel savings are often disproportionately beneficial, even for modest decreases in speed, and of course taking into account the increased voyage duration.

That may be especially attractive at a time of overcapacity of tonnage in the market, since slower transit times can increase the employment of vessels. Additionally, if a vessel can arrive at a load or discharge port with reduced waiting time, this may improve port safety and minimise the time in port. Bunker prices are at high levels, particularly so for more specialised bunkers (such as low-sulphur blends), and this further increases the incentive to consider slow steaming. Given the unpredictability of the current market, there are obvious attractions to increasing employment of tonnage in this way rather than laying up or even scrapping.

While the cost advantages of new-build vessels optimised for eco-speeds remains to be proved, existing tonnage can be adapted at minimal or relatively modest costs. Fuel savings could bring an immediate reduction in cost, although marine fuels tend to burn more efficiently under high engine loads. Slow steaming without modification necessarily requires the engine to operate outside the conditions for which it has been optimised. Also, as slow steaming is a relatively new area, the longer-term effects are not known, with the exception of a few larger engine manufacturers and vessel operators. Continued engine operation at lower loads may cause extra fouling and therefore specific engine manufacturers should be consulted for general advice and assistance with any special modifications or enhanced maintenance programmes.

It is fast becoming a commercial imperative that owners have an ability to market a vessel as having an eco-speed capability. Any such performance guarantee may necessarily be limited or given on a ‘without guarantee’ basis due to uncertainty surrounding the extent of the vessel’s speed and its performance under slow steaming conditions. It is noted that once parties gain experience of slow steaming and the chartering market remains highly competitive, the trend appears for such warranties to be given in more specific and actionable terms.

Where the parties’ obligations are unclear, claims could arise in relation to the slower speed itself, as well as in relation to delays to cargo that is permissible or subject to movements in market prices and/or seasonal demand. There may also be liability for hazards or events that would not have been encountered save for the delay.

In addition to delay-based claims, the allocation of responsibility for the costs of modifications to the vessel, increased maintenance, and engine damage should also be addressed.

As has been illustrated in the Commercial Court decision in the “Pearl C”; owners who wish to slow steam for their own purposes would not be able to rely on a performance warranty that they may only consider to apply at the time of delivery. The courts are able to take into account the absence of a realistic explanation for a vessel failing to achieve the warranted speed and that can form the basis for a breach of the obligation of utmost despatch, or alternatively a claim for off-hire. The same rationale would also apply where a slow steaming warranty applies and the vessel fails to meet that warranty, even at a slower speed.

BIMCO have drafted slow steaming clauses to assist parties in setting out a clearer contractual structure for slow steaming charterers and these commenced with a clause for time charterers reflecting the potential limitations of engines and equipment and enabling owners to follow charterers’ slow steaming instructions while taking into account the safety of vessel, crew and cargo together with third-party obligations, such as to the holders of bills of lading. BIMCO’s slow steaming clause for voyage charterers was then published in July 2012. The main difference for the voyage charter clause will be that charterers are not entitled to give speed orders, but the clause will agree a minimum speed which owners are entitled to operate at.

The most recent addition to the BIMCO suite of documents is the newly completed development of a Virtual Arrival clause for voyage charterers, which goes some way beyond simply slow steaming in that it provides charterers with the structure to request the vessel’s speed to be adjusted so it arrives at a particular destination at a pre-determined time. This requires the co-operation of all stakeholders, including from the destination ports, who would be expected to accept ships berthing out of turn to their actual arrival times. Although virtual arrival might become common in tanker trades, it is expected to be less prevalent in dry bulk. It is possible to envisage laycan problems where a vessel steams at full speed to and presents at the loadport only to have its tanks or holds fail, but still has time before expiry of the laycan to do further cleaning and tender a valid NOR, whereas if it follows virtual arrival procedures, and only arrives just in time to load there may be no time to re-tender.

Perhaps the most contentious issue is the correct formula for calculating and sharing the commercial benefit of any fuel saving. The scheme permits parties to use their own calculations to arrive at compensation to owners for the extended voyage time at a discounted demurrage with a default option of a 50% demurrage rate. The duration of the amount of time used can be referred to experts.

Overall, developments between contractual parties, recent case law and the work of organisations such as BIMCO have shown that it is possible for the benefits of slow steaming to be incorporated into fixtures and to enable fuel, cost and environmental advantages.