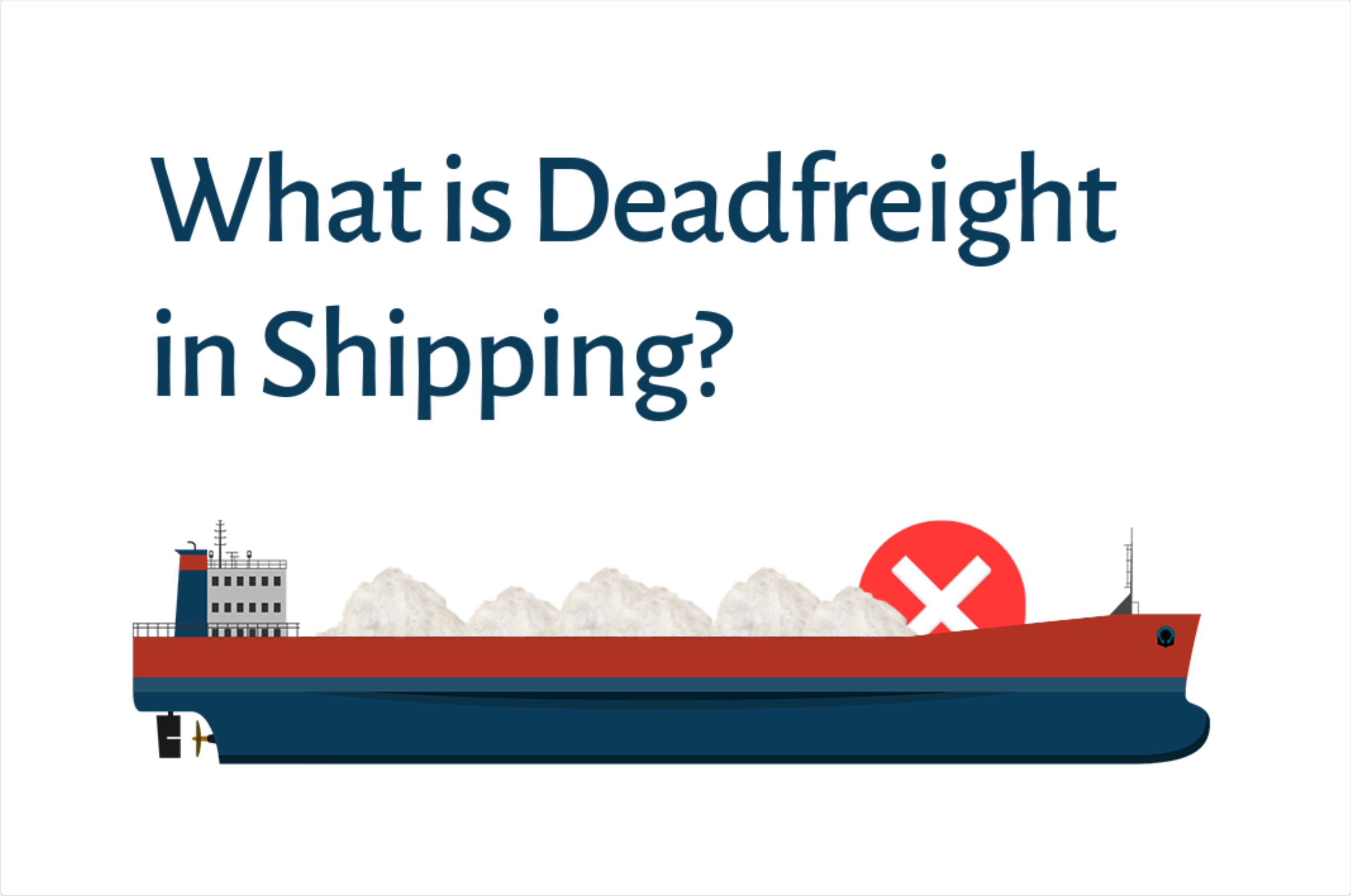
CHARTERING | INDUSTRY INSIGHTS

What is Deadfreight in Shipping?

A shipowner's protection against unused cargo space — how deadfreight arises, how it is priced, and how to calculate what a charterer owes.

HEISENBERG SHIPPING | Chartering Desk | Est. reading time · 4 min



Deadfreight is the freight payable on cargo the charterer contracted for but did not provide. It is compensation a charterer owes the shipowner when the agreed cargo quantity in the charter party is not loaded, offsetting the revenue lost to the empty space the vessel carried instead.

Deadfreight clauses exist to keep both parties accountable: they protect owners from carrying air, and they give charterers a clear, pre-agreed basis for what a shortfall costs. Where freight is paid as a **lump sum**, deadfreight is irrelevant — the charterer pays the same fixed amount regardless of how much cargo is actually loaded.

AT A GLANCE

- **What** · Freight owed on cargo contracted but not supplied.
- **Who pays** · The charterer, to the shipowner.
- **Trigger** · Actual load below the agreed minimum quantity.
- **Not applicable** · When freight is a lump sum.

The rate of deadfreight

Whether the claim is fixed or open depends on the charter form:

Fixed (liquidated) rate

Forms such as **ASBATANKVOY** and **ASBAGASVOY** set a deadfreight rate. The claim is payable at that rate regardless of any costs the owner saved.

Unliquidated claim

Under forms like GENCON 1994 no rate is stated. The claim equals freight lost on the short-loaded cargo, **less any expenses saved**.

Ranged quantities. Where the charter states a range — e.g. "50,000 MT – 55,000 MT" — the **minimum** is the contractual obligation. The owner's claim is measured against 50,000 MT, producing a smaller compensation figure.

How deadfreight is calculated

The calculation is straightforward — four steps:

1. **Agreed cargo capacity**
   Identify the quantity contracted in the charter party.
2. **Actual cargo loaded**
   Measure the cargo on board after loading completes.
3. **Shortfall**
   Subtract actual from agreed to find the unused space.
4. **Apply freight rate**
   Multiply the shortfall by the agreed freight rate.

Deadfreight Calculator — worked example

ILLUSTRATIVE

MIN. AGREED CARGO	ACTUAL CARGO LOADED	FREIGHT RATE
5,000 tons	**4,000** tons	**$25** /ton

Shortfall **1,000 t** × Rate **$25/t** **= $25,000**

Deadfreight owed on 1,000 tons of unused capacity. Figures shown are illustrative.

Key provisions in deadfreight clauses

A well-drafted deadfreight clause reduces disputes by making four things explicit:

Definition
Precisely what constitutes deadfreight under the contract.

Freight rate
The basis on which compensation is calculated.

Payment terms
The timeline and method for settling the claim.

Notification
Obligations to notify relevant parties of any shortfall.

THE BOTTOM LINE

Deadfreight safeguards shipowners against revenue lost to unused cargo space. By understanding the charter party clauses that govern it — and through accurate cargo planning and clear communication between the parties — both owners and charterers can keep operations smooth and disputes rare.