

Circular From: ALCO 2026/0030**Date: 21 August 2026**

Inability of vessel to arrive within laycan: Determination of the Owner's Anticipatory Repudiatory Breach and the Monroe Obligation

---Singapore Arbitration 2/26

Background

The dispute arose under a voyage charterparty with an agreed laycan of 1–10 July. The Owner could not meet the laycan due to a preceding charterparty. The Owner requested an extension to 20–30 July, which the Charterer rejected, insisting on the original dates. On 28 June, the Owner stated it could not guarantee arrival within the laycan and rejected the Charterer's counter-proposal of 7–14 August. On 2 July, the Charterer terminated the charterparty, alleging repudiatory breach. The Owner counter-claimed that the Charterer was in breach for failing to pay an advance deposit, alleging it was a condition precedent.

The arbitration was seated in Singapore under the SCMA Rules, with English law applying.

Main Issues

1. Did the Owner's 28 June emails amount to an anticipatory repudiatory breach?
2. Was the Charterer entitled to terminate on 2 July?
3. Was the advance deposit a condition precedent?
4. Did the Owner breach the implied Monroe Obligation (to proceed with reasonable despatch)?

The Award

1. Anticipatory Repudiatory Breach by the Owner

The tribunal held that the Owner's 28 June emails were unequivocal: it could not guarantee arrival within the laycan and rejected the Charterer's proposed variation without offering any alternative. This amounted to an anticipatory repudiatory breach. The laycan was an essential term of the charterparty.

2. Termination

Because the Owner had committed an anticipatory repudiatory breach on 28 June, the Charterer was entitled to terminate on 2 July. The Owner was held liable in damages.

3. Advance Deposit

The deposit requirement was a contractual term but not a condition precedent. The Charterer's failure to pay was a breach, but not one that entitled the Owner to terminate.

4. Monroe Obligation

The tribunal also found the Owner breached the implied *Monroe* Obligation (Where a voyage charter contained a provision that the shipowner would proceed with utmost despatch to a loading port and also gave a date of expected time of arrival or expected readiness to load at the loading port there was an absolute obligation to commence the voyage to the loading port at such time as it was reasonably certain that the vessel would arrive on or around the expected date). By citing *The Pacific Voyager*, the tribunal held that the risk of delay from an intervening charterparty falls entirely on the Owner. The Owner took this risk upon itself when entering the prior fixture. Even without an ETA, the laycan window itself sets the expected arrival date. The Owner failed to arrange the vessel's schedule to commence the approach voyage in reasonable time.

Practical Implications for Owners and Charterers

For Owners

1. Careful scheduling of intermediate voyages. Before fixing a subsequent charterparty, owners must assess the impact of prior fixture performance on vessel scheduling. The risk of delay arising from an intermediate voyage cannot be transferred to the subsequent charterer.
2. Clarify the nature of deposit clauses. If an owner intends for an advance deposit to operate as a condition precedent to the contract's validity or performance, the charterparty must expressly state this using the term "condition precedent," and the owner must assert this right promptly during the course of performance.
3. Comply with the Monroe Obligation. Owners should arrange the Vessel's schedule and route such that it would embark on its approach voyage in a reasonable time to enable it to arrive at port within the Laycan or by the contractual cancelling date.

For Charterers:

1. Pursue dual claim routes. The charterer may simultaneously assert (1) anticipatory repudiatory breach and (2) breach of the Monroe Obligation. The latter might be effective where the owner seeks to defend on the basis that it was merely delayed rather than unable to perform.
2. Preserve evidence. Emails, chat records, and other communications in which the owner admits inability to perform must be properly retained, as these constitute critical evidence to prove anticipatory breach.

Relevant cases:

--*Monroe Brothers Ltd v Ryan* (1935) 51 Ll L Rep 179

--*THE "PACIFIC VOYAGER"* [2018] EWCA Civ 2413