

Examiner's Report

April 2016

Tanker Chartering

General comment

Overall the results seem to display greater effort, preparation and determination to achieve a pass in this subject with approximately 70% achieving a pass mark.

1. Students who made use of careful answer planning comprehensive content in their answers, avoided making incorrect assumptions and answered the question set achieved good marks. While students often displayed trade routes correctly on their maps, further marks could have been gained by annotating such features as main ports, capes, straits, weather patterns and oceans.
2. Where questions were split into parts, a greater number of students could have achieved higher marks by planning their answer into relevant parts and following the order of the question.
3. To achieve good marks in the ship diagrams students should take care not to draw their diagrams too small in order to allow sufficient space for relevant annotations/label including LOA, Beam Draft, Freeboard, etc.

Question 1

Answer ALL parts of the question.

A tanker is fixed for a single voyage under Asbatankvoy charter party.

- a) **What are the main functions of a Bill of Lading?**
- b) **What information will the Bill of Lading contain?**
- c) **When might it be necessary to issue a Letter of Protest in regard to a Bill of Lading?**
- d) **Why is a Freight Pre-paid Bill of Lading undesirable and what remedy does an owner have if forced to agree it?**

This was the most popular question, generally answered well. More students could have achieved higher marks by explaining why Freight Pre-paid Bill of Ladings are undesirable and that the owners will not sign/release the Bill until Freight has been received in the Owner's bank. More students could have gained marks by observing the use of a letter of protest for inordinate delay issuing Bills of Lading, being a backup for a detention claim.

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Question 2

Answer **ALL** parts of the question.

- a) Draw a profile and cross section of a modern LRI tanker
- b) Provide the main details and dimensions.
- c) Describe **TWO** trade routes on which such a vessel is regularly fixed. Use the world map provided to support your answer.
- d) Using these routes indicate what weather conditions could be anticipated for a vessel loading in May.

1. Students gained marks by taking care not to draw their diagrams too small, out of proportion, and clearly: LOA, Beam, Draft or Freeboard, and demonstrating/showing understanding with respect to dimensions of LRI (Large Range I – no 'Long Range I) and that these are coated tankers.

2. To gain sufficient marks students are required to show detail on their map illustrations of trade routes beyond marking lines, including geographic details and weather conditions.

Question 3

Answer **ALL** parts of the question.

- a) Explain **FOUR** types of insurance that are or may be needed by a vessel trading on the single voyage market.
- b) Identify **TWO** that a charterer may be required to pay or refund and explain why.
- c) Show the geographical areas for which specific premiums may be required. Use the world map provided to support your answer.

This question produced some good answers although marks could have been gained if students hadn't overlooked IWL/INL.

Some good explanations were given with respect to insurances that charterers may pay initially or refund.

The third section required students to demonstrate understanding of areas where specific premiums may be required.

More students could have gained marks by including the Gulf of St Lawrence, Baltic Sea, Gulf of Bothnia and Gulf of Finland in their answers.

Typically maps did show the areas that the candidate was discussing but rarely included geographical features.

Further marks could be gained by including the geographical features in the student maps.

Question 4

Answer ALL parts of the question.

- a) **What elements of the calculation of Worldscale 100 rates are reviewed and, if need be, adjusted annually?**
- b) **What are the details of the standard vessel used in the calculation of Worldscale 100 rates?**
- c) **Name one designated transshipment area in each of following geographical areas:**
- **Northern Europe;**
 - **West Coast USA;**
 - **Far East;**
 - **US Gulf;**
 - **West Africa.**

This question required an understanding of the elements of calculation of Worldscale 100 rates and where needed annual adjustments which was generally answered well. To gain marks students were expected to mention that the rates of exchange are reviewed annually.

With some exceptions, details of the standard vessel used in calculating Worldscale 100 rates was well answered. Students achieved marks by taking care to answer the question set and demonstrated understanding of 'designated transshipment areas'.

Question 5

Answer BOTH parts of the question.

- a) **Explain the main financial elements of a single voyage charter party.**
- b) **Explain deadfreight. What must be shown to prove that deadfreight is payable and what does NDFCAPMQS mean?**

In general, students achieved marks by planning their answers to the question set, covered the possibility of 50% freight payable on average, explained deadfreight and 'NDFCAPMQS'. Students gained marks by covering what the vessel must show for a successful deadfreight claim viz: that vessel would have been able to load the additional cargo with respect to available draft and cubic capacity.

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Question 6

In the light of political events in recent months give examples of FOUR areas where unrestricted movement of tankers has been curtailed and/or may be so affected between now and the end of 2016.

This was the least popular question. Four examples were needed of areas where unrestricted movement of tankers has been curtailed and/or between now and end of 2016 taking into consideration political issues. Some good answers selected plausible reasons for curtailing movement including sanctions. Very few answers projected possible future restrictions. Better answers made use of the world map showing a clear understanding of the areas involved and further marks could have been gained by projecting possible future restrictions.

Question 7

Answer BOTH parts of the question.

a) Explain FIVE of the main causes of disputes between owners and charterers under time charter parties.

b) Explain THREE methods of dispute resolution with the main advantages and disadvantages of each.

This was a popular question requiring an understanding of the causes of disputes between owners and charterers under time charter parties.

This question was generally answered well when students suggested dispute issues that are relevant to a voyage charter rather than time charter.

The second part of the question covering three methods of dispute resolution, with main advantages and disadvantages attracted some well informed and well presented answers.

Question 8

Write a clean tanker market report, in your role as a competitive tanker broker, commenting on current rates, trends and availability of tonnage. In your opinion what will the market do over the next six months?

This question asked for a clean market report, provided in the role of a competitive broker, commenting on current rates, trends and availability of tonnage. Students gained marks by planning effectively and answering the question set in an appropriate level of detail including trends and predictions, information about clean cargoes (not dirty or VLOC).