



EXAMINER'S REPORT NOVEMBER 2017

TANKER CHARTERING

General Comments

Students need to answer the questions clearly and use well prepared market reports. There was a general improvement in the quality of map submissions yet many still lacked an understanding of how they should be completed. Ship drawings also improved however some were too small and containing the wrong information.

Q1. Name and describe the main areas of dispute in a time charter party with the reasons for premature termination.

This was a popular two part question that was reasonably well answered however students need to understand the difference between the payment of hire and freight. Some answers failed to give an adequate explanation of reasons for disputes arising under a time charter party or used examples of disputes arising from a voyage charter employment. Some answers also inferred that all areas of dispute mentioned would lead to a premature termination of the fixture. Better answers suggested how these forms of dispute may be resolved.

Q2. Answer BOTH parts of the question. a) Draw a profile and cross section of a Suezmax tanker including the main details and dimensions of the vessel. b) Using the world map provided, show TWO main trades in which they are regularly employed, naming and locating principle ports. Selecting ONE geographical area, describe the possible routes and weather that may be expected when loading in November.

A popular question but disappointing that some of diagrams had the wrong vessel dimensions, failed to include a cross section drawing or added a plan drawing that was not required gaining no additional marks. Failure to read the question resulted in lost marks and wasted time. The quality of drawings however has improved with fewer examples which were too small and incorrectly laid out. Maps generally lacked detail with respect to geographical features and weather conditions. Better answers described a Suezmax having a deadweight of about 155,000 dwt, beam of 50 metres with cargo routes NW Europe /Transatlantic, WAF/USAC/USG/Far East, MEG/Med/UK/Cont. or Far East.

Q3. Describe the protective clauses found in an Asbatankvoy voyage charter party including the conventions used. Why are protective clauses needed?

This two part question produced some disappointing answers which failed to identify any protective clauses but focused on additional clauses for example the Conoco Weather clause. Better answers identified and explained the clause paramount, the Jason, General Average, Both to Blame, Agents, Assignment/Sublet, Lien, Clean Seas, Deviation and Arbitration clauses. In part two several answers correctly identified the use of protective clauses for the common interest drawing on the various

conventions which help allocation of responsibilities and costs when unforeseen events occur.

Q4. The VLCC market has seen a rapid downturn in freight levels which has adversely affected income. Comment on this statement providing evidence of the reasons for this decline in the market.

Points that were made were often unsupported, freight levels reflecting the poor rates were either inaccurate or missing with answers drifting on to other areas of the tanker market. Better answers provided supporting evidence of the oversupply of ships, influx of newbuildings with the reasons for lower levels of demand and a downturn in the rates of demolition.

Q5. Identify the main influences on natural gas and crude oil seaborne trades that major pipelines have.

There was a general lack of detail of pipelines that are currently in use for crude oil and natural gas and an absence of much of the detail required to explain their impact on trades. Crude oil pipelines like the Tran-Siberian from Russia to China, The Keystone pipeline from Western Canada to Illinois and Texas and the LNG Yamal-Europe were often overlooked with impact on demand from other regions. Advantages and disadvantages of pipelines were often missed along with the creation of new trade routes for example from Ceyhan and Black Sea to UKC/Med and Kozmino/Far East.

Q6. A shipowner has an LR2 tanker open at Fos, France and is considering two possible employments. Firstly a voyage charter employment of CPP from MEG to Singapore. Secondly a 6 month time charter in CPP delivering dropping outward pilot Fos, France. Using information of your choice provide an explanation of the voyage estimate calculations required for each employment opportunity, then identify a preferred employment providing the reasons for your decision.

This question required an understanding of the presentation of a voyage estimate for a voyage and time charter employment for a LR2 tanker. Those students who were well versed in voyage estimating found very little difficulty in providing this answer. Others struggled with displaying logical calculation of costs and income along with a daily net profit. Secondly, as some students did not offer any calculations to support their answer they were unable to provide a net daily profit for each option or any logical explanation for their answer which lost valuable marks.

Q7. You are a broker seeking employment for an LR1 open NW Europe 1/15 Nov. Provide your principal with a clean market report and indicate options.

Answers needed to be addressed in a 'Report' to the Principal and cover factors affecting the market – including ship supply, demand, second hand prices, new building deliveries, demolition of tonnage, freight levels, external influences and market trend. The report needed to conclude with proposed options available for the LR1 tanker.

Details covering the impact on US market following on from US refinery damage from Hurricane Harvey, and current voyage routes and freight levels should have been included. Students should have indicated a trend in freight levels and offer options for the LR1 tanker to the Principal.

Q8. Answer BOTH parts of the question.

Your ship is fixed as follows to load 1/2 SP AG NN Ras Tan rotation in CHOPT ,exc. Iran and Iraq; discharging 1/2 SP UK, Cont H-H range, Scan exc. Baltic, or Med NEOBIG, or USNH if NY NN GWB, or ECC WIWL in geographical rotation . Discharge orders have been given to proceed to one safe port Republic of Ireland for full discharge:

a) Explain the meaning of each abbreviation and acronym.

b) Comment upon the discharge orders and how the fixture terms should be reworded.

The first part of the question required an understanding of current chartering abbreviated terms. This would include discharging one or two safe ports, in geographical rotation, United Kingdom, Continent Havre-Hamburg range, Scandinavia excluding Baltic Sea, or Mediterranean Sea not east of but including Greece, or United States of America not south of Cape Hatteras, if New York not north of George Washington Bridge, or East Coast Canada within Institute Warranty limits. Many students did not understand the acronym USNH or NY NN GWB. Part two of the question was poorly answered missing the declared area being excluded from the charter party discharge range, not offering a revised charter party discharge range or providing no answer at all which lost valuable marks. Better answers provided a discharge range offering of 1/2 SP Republic of Ireland, UK, Cont. H-H range. Mention was made of the consequences of submission by charterers, after fixture, of a new discharge range outside agreed terms which owners are not obliged to agree and a proposal for a revised freight premium.