



# EXAMINER'S REPORT

## MAY 2018

### TANKER CHARTERING

#### General Comments

Students should plan their answers and ensure they answer the question. Map submissions could have been clearer and some ship drawings were too small or incorrect.

**Q1. Draw a profile and cross section of a deep-sea Oil/Chemical tanker over 30,000 dwt (IMO – Marpol X, Y and Z categories) and provide the main details and dimensions. Using the world map provided, describe THREE trade routes on which your vessel may load and discharge part cargoes of animal and vegetable oils. Select TWO of these routes and indicate what weather conditions could be anticipated for a vessel loading in November.**

Some diagrams had incorrect wrong vessel dimensions, were too small, failed to include a cross section drawing or added a plan drawing that was not necessary. Some drawings had too few tanks which did not address issues of IMO type 1 and 2 cargoes. Few answers mentioned Deepwell pumps or Deck tanks. Maps were sparse with respect to trade routes or geographical features, cargo types and weather conditions. Answers that gained marks described a deep-sea Oil/Chemical Tanker having deadweight of over 30,000 dwt, beam of 31 metres with cargo routes Far East to Med/UK/Cont., USAC/USG/Caribs and South America/USWC/Far East.

**Q2. Draft a cleaning clause which includes provision for rejection of the cargo tanks loading Gas Oil. Explain when and why tank cleaning is necessary and give details of how it is carried out.**

Some answers did not draft a cleaning clause; or explain why cleaning is necessary or digressed into a discussion of how to clean a crude oil tanker. Answers that gained marks established an option for charterers to cancel an unclean vessel 24 hours after the cancelling deadline or 24 hours after the inspector first rejects the vessel, whichever is later. Contamination of clean oils has been a major issue and the principle reason tank cleaning is needed. Tank cleaning from white oils should include a gas free programme, butterworth washing, draining and drying tank line and pump. Tank coatings offer a better medium for cleaning programmes in the white oil trades. It would have been useful to mention the ISGOTT gas free and tank cleaning procedures or compliance with Annex 17 of the SOLAS convention 1974 or Marpol 73/78.

**Q3. Describe the main causes of dispute that may occur while a tanker is on time charter. How are these disputed issues dealt with under Shelltime 4?**

This two part question produced some reasonable answers however some answers only explained one aspect of dispute including vessel withdrawal due to non-payment of hire but failed to provide the ways disputes are resolved under Shelltime 4. The main areas of dispute cover late payment of hire, meeting the cancelling date, speed and performance, remaining at time charterer's disposal and requisition. Other answers quoted Shelltime 4 clause numbers correctly with the appropriate remedy.

**Q4. As a competitive broker, write a clean tanker report. In your opinion what will the market do over the next six months?**

Some students did not provide a "report". However, some answers reflected upon current clean freight levels, the oversupply of ships in the clean sector, macro factors, demand and global GDP, impact of reduced influx of newbuildings with the a downturn in the rates of demolition. Few answers presented a clean tanker report whereas others discussed a dirty market analysis which lost marks. Few answers mentioned influences of the second hand market. Some attempted a six month prediction of trend. Others provided examples of market indicators which include changes in crude oil prices, seasonal influences and impact of refinery maintenance.

**Q5. What conditions must a tanker satisfy in order to tender a valid Notice of Readiness (NOR) In a tanker charter party? Name and describe five events that are frequently excepted from laytime.**

Students attempts at describing the requirements to tender a valid notice of readiness including arrived ship, being at the appropriate place and being in all respects ready to load/discharge cargo. The second part was generally well answered however some answers described problems with arriving within laydays, loading prior to commencement of laycan rather than frequently excepted periods including notice periods, usually 6 hours and awaiting tide/daylight, shifting into berth, excess pumping time, bad weather, pumping ballast or discharging slops, strike particularly of master officers, crew or owners servants or breakdown of equipment. Providing more than five examples of events frequently excepted in laytime did not gain extra marks.

**Q6. Answer BOTH parts of the question:**

**(a) What are "subjects" and why do they exist?**

**(b) What are the ethical trading responsibilities that exist within the tanker industry from the position of owners, Charterers and Brokers?**

This question was reasonably well answered with some well-prepared comments covering subjects. Some answers did not identify forms of subjects or the need for charterers to respond by a date, time and place when subjects expire. The second part of the question went from ethical trading responsibilities of an Owner, Charterer and a Broker onto diverse issues of ethical practice. Once a vessel and cargo is on subjects the Principals should not work alternative business or cargoes for the duration

of the subject's time. Both parties should stick to the terms and rate as agreed and not attempt to renegotiate because the market has moved away from them. Brokers should not discuss the details of the 'on subs' deal with third parties.

**Q7. In your opinion why is the *Worldscale* system popular in the majority of tanker trades as the method for fixing freight rates? What are the main points included in "WSHTC"?**

Students needed to prepare the answers with insufficient detail covering the popularity of *Worldscale* including commercial secrecy and ease of use declaring ports from load/discharge ranges or changes of ports. The answers provided covering WSHTC sometimes described the method of calculating the WS flat rate and missed some items out of the effective date, laytime 72 hours SHINC, items for owner's account, items for charterer's account, important aspects including port and terminal combinations, transshipment areas, US dollar currency, scales of demurrage rates, canal and seaway differentials laid out.

**Q8. Discuss the main features and clauses specific to a *Contract of Affreightment*. Comment on the advantages and disadvantages for charterers and owners.**

Some assumptions were made about automatic substitution of sister vessels. There was discussions about requirements common to all voyage charterparties e.g. inspection+ Survey, Arbitration Clause and Applicable Law. Some well-formed ideas covering advantages of this form of contract including stability of costs and earnings. Some answers discussed other forms of employment including time charter which lost marks.