



EXAMINER'S REPORT NOVEMBER 2018

TANKER CHARTERING

General comments.

Answers need to be well planned and answer the question.

Maps must show ports correctly located and countries, main canals, seas and oceans noted.

Ship draws should be large, clear and correctly labelled.

1. Answer BOTH parts of the question: Your 95,000 dwt Aframax tanker is open in Rotterdam.

a) Choose three possible forms of charter, explain the method of remuneration and give an example of the form of charter party that may be used in each case.

b) Describe the benefits and disadvantages of each form of employment.

Students had to adequately explain the form of employment used, clearly explain the difference between time charter and bareboat employment or provide the relevant CP form as requested.

Students were required to use the correct terminology and understand the difference between the payment of hire and freight.

2. Answer ALL parts of the question:

You are a broker who is advising a new shipowner considering entering the market in the clean trade.

a) Recommend a suitable product tanker size which will generate the best return and give your reasons for this recommendation.

b) Draw a profile and cross section of the product tanker including the main details and dimensions of the vessel.

c) Using the world map provided, show TWO main trades in which it is 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.

Students were required to include diagrams with the correct vessel dimensions, and to include a cross section drawing. Maps had to include detail with respect to geographical features and weather conditions. Drawing should be large, clear and correctly laid out with tanker dimensions.

3. Write a dirty tanker market report covering a specialist ship size of your choice, the market trends over the next six months for the dirty tanker market and how will this impact on your chosen tanker size, and why?

Students were asked to identify a ship type, discuss the supply, demand, freight, demolition and new building markets. They also had to identify the influences of the second hand market or factor in the consequences to trends of larger numbers of new building's delivering within the next six months. Answers should include evidence and analysis to convey a convincing market discussion in report format.

4. Answer BOTH parts of the question.

- a) Produce a voyage estimate for a LR1 clean tanker for a route of your choice.**
- b) Explain the stages involved in compiling the estimate and your reasons for selecting this employment.**

Good answers displayed a good understanding of layout for the voyage estimate including LR1 vessel details, voyage legs, cargo uplift, voyage expenses, calculate earnings including fixed and variable differential where applicable, DRC , net profit per day and TCE . Part two of the question required an answer with sufficient description of the collection of known facts, information relevant to the voyage in question, calculation of earnings and the final analysis with the daily surplus figure and TCE. An explanation was needed for the reasons for selecting this employment including the need for secure employment if the market is declining or positioning the vessel at the end of a spot fixture opportunity for another cargo.

5. Answer BOTH parts of the question.

- a) Provide a firm offer for a voyage charter for a tanker loading Naphtha at Rotterdam for discharge in Japan.**
- b) Explain each key term that is in the offer.**

Answers should provide an explanation of the terms including reply by, parties, cargo size and description, load and discharge ports, laytime, laycan, freight, demurrage, commission and c/p form. To answer this question student need to know what is expected in a firm offer and clearly display this to demonstrate their understanding.

6. A shipbroker's function is to represent their principal, protecting their interests, in tanker chartering negotiations. Describe FIVE examples of good ethical practice that promotes this function and give FIVE examples of inappropriate behaviour.

Answers had to address the key areas of good ethical practice and show an understanding of what constitutes inappropriate ethical behaviour. Better answers observed the need to check the bona fides of a new principal and avoid holding two vessels on subjects for one cargo.

7. Answer BOTH parts of the question:

- a) In a tanker offer, explain the meaning and use of the term 'REWS.'**
- b) Describe and explain the main elements of Worldscale Preamble that establish the flat rate.**

The definitions of 'REWS' needed to be completed and provide the correct meaning of rates and extras will be calculated according to Worldscale.

Answers needed to identify the rate, in USD per tonne with an offer which should specify a particular route and without agreement to the contrary, the rate applicable being for the route that gives the lowest flat rate often associated the shortest distance. A general description of the WS flat rate was required for an employment from port or ports of loading and discharge.

Answers should include that the flat rate will incorporate extras from waypoints in the Arabian Gulf, Black Sea or Lake Maracaibo.

The second part of the question required a description and explanation of the main elements of Worldscale Preamble that establish the flat rate. While Preamble A and B were often well explained, Preamble C including scales of demurrage rate applied in commercial negotiations in which the flat rate will be used and Preamble D providing a list of ports (including transshipment areas) where the flat rate is applied with additional pages include fixed and variable differentials were often missed.

8. Answer ALL parts of the question. When fixing on an Asbatankvoy charterparty, owners and charterers make provision for the use of bills of lading. Describe the functions of the bill of lading and the provisions made in the charterparty for their use. In what circumstances can an LOI be issued?

Better answers identified clause 20 of the Asbatankvoy charter party and the provisions of the clause Paramount with the legislation and convention that apply and their impact upon production of a bill of lading. The Asbatankvoy charter party incorporates the Carriage of Goods by Sea Acts of the United States 1936 for cargoes loaded in US waters and to the International Convention for the Unification of Certain Rules relating to Bills of Lading at Brussels, 1924. Under these rules the master/owners must issue bills of lading for cargo which has been loaded. (Article 3, rule 3, point 3) Additional rider clauses were mentioned which make provision for the use of bills of lading. Mention was made of the circumstances where an LOI may be used: in cases where there is non-production of bills of lading, change of destination, blending or commingling of cargo. Very few answers mentioned that charterers may issue a letter of indemnity which holds owners harmless from claims arising from the bill of lading holder as a result of following charterer's instructions. In practice this is achieved by charterers issuing a Letter of Indemnity as per Owners' P&I Club wording, sometimes this will call for a Bank Guarantee.