



EXAMINER'S REPORT JULY 2020

TANKER CHARTERING

Those students who were well prepared have shown a good understanding of the subject with well presented work. There is however evidence that some papers were poorly planned with crossed out work, lacking content and failing to answer the question. There was again a general decline in the quality of map submissions with missing or incorrectly located ports, missing annotation of countries, main canals, seas and oceans. Ship drawings also lacked content or were too small. There was also evidence of some students who attempted four instead of five questions which displayed lack of preparation, insufficient time management and a reduction in the number of marks that could be achieved.

1. Answer ALL parts of the question

a) Draw a profile and cross section of a modern LPG tanker

b) Show the main details and dimensions on drawings. Outline what pumps and tank coatings the tanker might have and any other features.

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 June.

This was a popular four-part question that was poorly answered. There was a choice of LPG carrier sizes of the small semi-refrigerated class up to 5000 m³, semi-refrigerated up to 10,000 m³, midsize up to 30,000m³, large up to 60,000 m³ and very large up to 100,000 m³.

Drawings were often insufficiently annotated, ship capacities missed, number of pumps and tank arrangement not included. World maps were generally extremely poor with distinct lack of planning and content. Several of the maps had insufficient annotation lacking description of oceans, seas, straits, headlands and ports.

Some students failed to read the question and produced an additional plan drawing which was not requested, did not attract additional marks and wasted valuable time.

2. A charterer is contemplating placing an order with brokers for 80,000 metric tons of crude oil loading from MEG/Far East in July. Explain the options available to the charterer for canvassing the market and the format this market enquiry could take.

This was a popular question which was reasonably well answered. Most candidates established the need to engage a shipbroker who could provide worldwide coverage. In addition, the Charterer would monitor market reports which are either weekly or monthly reviews. Many answers failed to discuss the various ways in which the offer could be presented either as a single enquiry or as part of a larger cargo offering in consecutive employment, under a contract of affreightment or possible time charter or trip time charter options. The benefits of awaiting a lower rate in a falling market were often discussed however the option of combining the enquiry with a larger order where owners may have adequate tonnage was often missed.

3. Answer BOTH parts of the question

- a) Draft a firm offer for a bareboat charter including all the main terms with an explanation of the meaning of each.**
- b) Explain the reasons a bareboat charter is used.**

This two part question was reasonably well answered however some answers did not include the offer was for a bareboat employment. Some answers failed to recognise the long-term nature of bareboat employment by substantially reducing the period of hire. Many answers failed to include the need for guarantees, a change of flag or class and Barecon charter party form. Some answers provided a bareboat firm offer but failed to adequately explain the key terms. The explanation as to why a principal would enter into a bareboat employment was reasonably well answered however preferred finance terms that may be available were missed.

4. Answer ALL parts of the question:

- (a) Describe in detail the steps taken to carry out a laytime calculation.**
- b) What is meant by "Free Pratique" and why is it important regarding tendering NOR?**
- c) Identify ten common exceptions to laytime.**

This three-part question was reasonably well answered with, in part a) an explanation of the steps taken to carry out a laytime calculation including gathering information from the charter party, statement of facts, notice of readiness and letters of protest. A reasonable explanation was needed of start of laytime, duration and cessation. Several answers failed to identify when laytime ends which is usually upon disconnection of hoses. Some answers were preoccupied with dry cargo terms and a description of despatch which does not form party of the Tanker Chartering examination. Part b) was well answered with the importance of free pratique and clearance of the vessel to enter the port. Part c) required explanations of excluded periods which were sometimes confused and failed to mention quarantine of crew and pumping ballast.

5.

(a) You are an owner of an LR1 tanker operating in a falling market. Your vessel is fully laden with 75,000MT GO loaded NWE enroute to 1 / 2 safe ports/berths USNH if NY NN GWB eta 30th May. Following received from brokers, 'Enquiry account FCC 12/24 m TC CPP ,WW limits, USG 1/15 June – Please offer firm unquote'. Prepare a firm offer for time charter of an LR1 tanker with an explanation of terms used.

(b) Provide your method used to canvass the market with the reasons the firm time charter offer has been made.

This question was reasonably well answered where students were able to produce a firm offer for a time charter employment for an LR1 tanker. Some answers failed to explain the terms used. The second part of the answer required an explanation of how to canvass the market employing a skilled shipbroker with worldwide coverage. This may be on a first come first served basis, from a panel of brokers, a broker with specialist knowledge, not second rate and not working for a charterer. The owner would monitor market reports on a daily , weekly or monthly basis. Several answers observed the benefits of regular income and known costs especially in a falling market.

6. Answer BOTH parts of the question

a) Prepare a round voyage estimate for a typical parcel tanker with a full/part cargo of Vinyl Acetate Monomer (VAM) using ports of your choice. (Please show all calculations).

b) Describe details of the vessel, load and discharge ports, voyage legs, proposed route ,quantity of bunkers needed for the voyage, bunker prices, total cost of bunkers, port charges, total voyage expenses, freight rate, voyage earnings and gross voyage surplus per day

This question was reasonably well answered however some students produced confused answers that missed port charges and brokerage commission. Others focused on a Worldscale freight rate which is not used in the chemical trade. Other answers produced a break-even rate which was not required and wasted valuable time. Many answers failed to correctly describe the gross voyage surplus per day. The chemical industry transports small parcels of up to 3000 metric tons of VAM which is manufactured in the USA, Europe, China, Japan and Taiwan. Ship sizes are up to 35,000 dwt and often much smaller which some answers failed to observe.

7. . Answer BOTH parts of the question

- a) Identify the current excluded areas which are considered to be war zones.**
- b) Prepare a draft war risk clause of your choice that may be included in a firm offer.**

This three-part question was not answered well. Some students failed to explain the purpose of a war risk clause or explain its meaning. Very few answers mentioned the work of the Joint War Committee. This panel comprises underwriting representatives from both the Lloyd's and IUA company markets, representing the interests of those who write marine hull war business in the London market identifying areas where owner's vessels may be at risk from warlike operations. Most students provided examples of war zones including: Syria, Libya, Straits of Hormuz, Indonesia, Sunda Strait, Nigeria, Ukraine Venezuela.

Most students attempted a war risk clause. Marks were awarded to students who outlined the content of the Chevron war risk clause however many answers failed to identify the key points found in clause 20 of Asbatankvoy charter party. This includes where Owners or the Master report a prohibited or blockaded port, Charterer's option to then nominate a safe alternative. If after 48 hours no action has been taken, Owners then have an option to nominate a safe port. In addition, Owners shall be entitled to freight as if discharge has been affected at the port or ports originally designated or to which the vessel may have been ordered pursuant to the terms of the Bills of Lading. All extra expenses involved in reaching and discharging the cargo at any such other port of discharge shall be paid by the Charterers and/or Cargo Owners and the Owners shall have a lien on the cargo for freight and all such expenses. The Vessel shall have liberty to comply with any directions of the flag state.