



EXAMINER'S REPORT

NOVEMBER 2020

TANKER CHARTERING

Overall, the results display a pass rate in this subject of 50%. There is again evidence that some papers were poorly planned with crossed out work, lacking content and failing to answer the question. There was a general decline in the quality of map submissions with ports incorrectly located, missing annotation of countries, main canals, seas and oceans.

The quality of ship drawings has also declined with several examples which were too small, no annotated dimensions and containing the wrong information. Students often failed to read the question resulting in badly presented answers. Those students who only answered four questions reduced their chances of achieving a pass mark whereas those that completed six answers wasted valuable time as only the first five answers were marked.

Q1. Answer ALL parts of the question.

- a) Draw a profile and cross section of a Medium Range Tanker which is engaged in the movement of heated cargoes.**
- b) Show the main details and dimensions on drawings including pipeline sizes, heating arrangement and types of pumps used.**
- c) Describe ONE heated product with TWO trade routes on which such a vessel is regularly fixed. Draw and fully annotate the selected routes on the world map provided to support your answer. Using these routes indicate what weather conditions could be anticipated for a vessel loading in October.**

Content required

In order to gain 50% of the marks a student needed, in this three part question, to provide a profile and cross section drawing of a Medium Range Tanker which is engaged in the movement of heated cargoes. then go on in part (b) to identify two trade routes on which this tanker may be employed including displaying this on the world map provided. Finally, in part (c) describe one heated product and on the selected routes, describe some of the weather conditions anticipated for a vessel loading in October. The Medium Range Tanker drawing should be annotated with the vessel dimensions and the trade routes marked on the world map provided should include port names, country, oceans, seas, principal canals and weather experienced on each route in October.

General comments and areas of improvement

This was a popular three-part question which attracted some poorly prepared answers which offered poor diagrams, with dimensions in the text rather than on the diagram as asked for. 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. Many map submissions had insufficient annotation lacking description of oceans, seas, straits, headlands, ports and countries. Answers covering heated cargoes were poorly thought through and often failed to mention common petroleum, animal and vegetable products that require heating for discharge including: bitumen, tallow, palm oil and molasses. Students incorrectly chose petroleum products generally as cargoes that required heating instead of selecting specific origins with high viscosity including Venezuelan origin crude.

Q2. Answer ALL parts of the question.

Demurrage is paid by Charterers to Owners when laytime is exceeded.

- a) Describe FIVE reasons why demurrage may be incurred.**
- b) Describe how laytime varies in a port charter party from a berth fixture.**
- c) Describe and explain SEVEN periods that are usually excluded from tanker laytime?**

Content required

In order to gain 50% of the marks a student needed to, in this three part question provide more than two reasons why demurrage may be incurred, how laytime varies in a port charter party from a berth fixture and provide four or more periods which are usually excluded from laytime.

General comments and areas of improvement

A popular question which was reasonably well answered. In part a) better answers avoided repeating similar examples of reasons why demurrage may be incurred. Poorer answers failed to identify bad weather and awaiting documentation as reasons for incurring demurrage. In part b) several answers did not clearly explain how laytime varies in a port charter party from a berth fixture. They should have identified that under a port charter party laytime begins when the vessel is an arrived ship, in all respects ready and tendered NOR at the customary waiting place. Mention should also have been made of WIPON, WIBON, WIFPON. Conversely under a berth fixture laytime begins when NOR is tendered at a berth. In part c) some answers focused on various issues surrounding excluded periods of ship breakdown and did not mention labour dispute of master, crew or owner's servants, awaiting tide or daylight, deballasting or pumping slops.

3. Answer BOTH parts of the question.

VLCCs are often too large for port entry and instead are traded to Single Point Moorings for loading and discharging cargo.

a) Write a typical wording of a notice clause for this employment.

b) Describe the main provisions of the laytime clause, 'hours of loading and discharging' with time when laytime ends.

Content required

In order to gain 50% of the marks a student needed to, in this two part question, write a typical wording of a notice clause for a VLCC loading and discharging at a Single Point Mooring. Then describe the main provisions of the laytime clause, 'hours of loading and discharging' with time when laytime ends.

General comments and areas of improvement

This two part question reasonably well answered. Very few students however attempted a notice clause in part a) but instead attempted to describe the clause very often missing the method used to deliver a notice to shippers, receivers or their appointed representative. The second part of this answer did attract attempts to describe laytime used including WSHTC and customary laytime of 72 hours SHINC with a provision that cargo to be discharged in 24 hours or a backpressure maintained at the ship's manifold of 100psi. Most answers failed to highlight excluded periods when port authorities or owners, shippers or receivers prohibited the vessel from working at night. Most answers established that time ends at disconnection of hoses.

4. Answer ALL parts of the question.

A shipowner has a Suezmax trading between the MEG to Fos, France where the market has declined.

a) Prepare a round voyage estimate for this employment, showing your workings, using data of your choice. 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.

b) Calculate a break-even rate for this employment in Worldscale and in US dollars per day.

c) Provide your views of action that a shipowner could take to mitigate losses in a declining market.

Content required

In order to gain 50% of the marks a student needed to, for this three-part question, prepare a round voyage estimate for a Suezmax tanker trading between Middle East Gulf and Fos, France using data of the student's choice. In part b) calculate a break-even rate both in Worldscale and US dollars per day. Finally, in part c) provide opinions of action that a shipowner could take to mitigate losses in a declining market.

General comments and areas of improvement

This three-part question was not answered well. Some answers failed to note that Fos was in France and used sea distances which were insufficient. Many answers were badly laid out often failing to include all aspects of a voyage estimate even though this was clearly displayed in the question. Part b) attracted some good responses however others failed to provide both a Worldscale and US dollar per day break even rates or did not understand how this should be calculated. In part c) better answers did look to fix in long term employment to avoid the worst decline in rates fixing at better levels on time charter or under a COA or consecutive employments. Other options discussed included pooling of ships, engaging contracts with FFAs and worst-case layup until the market improved.

5. Answer BOTH parts of the question.

A shipowner is planning to manage the size of its fleet of tankers.

a) In your role as an Owner's shipbroker provide a market report identifying potential opportunities available in 2021.

b) In your opinion, what are the main influences on future market trends?

Content required

In order to gain 50% of the marks a student needed to, in this two part question, in the role as an Owner's shipbroker, provide a market report identifying potential opportunities available in 2021. The second part of the question required some of the main influences on future market trends.

General comments and areas of improvement

This question was reasonably well answered however some students failed to draw upon factors of supply and demand, the freight market, newbuildings, sale and purchase and the demolition market to construct the market report identifying opportunities of long term employment, lower costs of second hand tonnage and lower costs of bunkers. Part b) did attract some informed answers mentioning changes in sanctions with the change of government in the USA, amendments to greenhouse gas emission rules, the move toward new forms of energy usage and increased dependency on eastern refinery output.

6. Answer BOTH parts of the question.

When fixed under a trip time charter, a vessel will be regarded as off-hire when it is not at the time charterer's disposal.

- a) Select an appropriate charter party form for this employment and explain the reasons for its use.**
- b) Explain the reasons why a vessel may be off-hire.**

Content required

In order to gain 50% of the marks a student needed to, in this two-part question, select an appropriate charter party form for trip time charter employment and explain some of the reasons for its use. Secondly explain some of the reasons why a trip time chartered vessel may be off-hire.

General comments and areas of improvement

This question was reasonably well answered where many students selected the Shelltime 4 which would be adapted for trip time charter employment. Better answers mentioned the need for a plus/minus 15 day period for redelivery to accommodate port rotation and delays at discharge. Many answers failed to mention the reasons for trip time charter employment which may include that the cargo may be unsold at the time of fixture and that the final discharge ports may be unknown or potentially involve complex delivery needs. Many answers observed the benefit of charterers taking control of the discharge operation and preserving the confidential nature of their business activity from being divulged to their competitors. Part b) of the question attracted some well prepared answers with the reasons why a trip time chartered vessel may be off-hire which include time lost due to deviation and detention by the port authority.

7. Answer BOTH parts of the question.

a) Describe FOUR main areas of dispute that may arise under an Asbatankvoy charter party where existing clauses do not fully cover all aspects under the fixture.

b) Describe and explain the provisions of a clause for each of the above disputed areas which are set aside in the Asbatankvoy charter party to prevent disagreement arising.

Content required

In order to gain 50% of the marks a student needed to, in this two part question, describe at least two main areas of dispute that may arise under an Asbatankvoy charter party where existing clauses do not fully cover all aspects under the fixture. This would include issues covering non-payment or delay in payment of freight, arrival prior to commencement of laydays, set off, demurrage claims, safe port warranty, cargo loss, documentary dispute. In each case a fair explanation of the reasons for disagreement. In the second part of the question describe the clause in the Asbatankvoy charter party that is designed to prevent disagreement arising.

General comments and areas of improvement

This question reasonably well answered however some students failed to provide sufficient examples of dispute that arise which are not covered by charter party clauses. This may include non-payment or delay in payment of freight, arrival prior to commencement of laydays, set off, demurrage claims, safe port warranty, cargo loss or documentary dispute. In the second part of the question students failed to make a direct reference to the Asbatankvoy charter party or link areas of dispute to existing clauses where a remedy may be available. An example of this may be clause two which requires charterers to pay freight in full, without discount on outturn quantity less advances made to master or Owner's agent at load/discharge and costs of insurance of same.

8. Answer BOTH parts of the question.

You are an Owner of a small fleet of six LPG carriers and you are drawing up a firm offer for a contract of affreightment for 400,000 cubic metres of Butane.

a) Provide a firm offer with details of your choice.

b) Identify how you would canvass the market for this form of employment.

Content required

In order to gain 50% of the marks a student needed to, in this two part question provide a firm of with some main details covering a COA for the movement of butane gas. Secondly, provide some of the main activities needed to canvass the market for this form of employment.

General comments and areas of improvement

This question was reasonably well answered. However, some students failed to identify many of the provisions needed to make a firm offer omitting a nomination procedure for tonnage, charter party form and a place, date and time for reply to the firm offer. The second part of the question did attract some informed answers however several students failed to identify that the owner has a choice of brokers that may be selected on a first come, first served basis, who have knowledge of the trade, use of a panel of brokers with turns and avoiding a broker who works for the charterer where there may be a conflict of interest. Owners also needed to read market reports and maintain daily contact with brokers to establish current freight rates and a market trend.