



# EXAMINER'S REPORT MAY 2021

## TANKER CHARTERING

### General comments:

Overall, the results display a pass rate in this subject of approx 60%. 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. With some exceptions the quality of ship drawings has generally improved however students still forget to annotate dimensions. Students often failed to read the question resulting in badly presented answers. Time management lacking in a number of papers, with a short answer in their 5<sup>th</sup> question, if indeed it was attempted.

### Question 1:

**Answer ALL parts of the question.**

- a) Draw a profile and cross section of a Suezmax tanker.**
- b) Show the main details and dimensions on the drawings.**
- c) Describe ONE cargo 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.**
- d) Using these trade routes indicate what weather conditions could be anticipated for a vessel loading in June.**

This was a popular four-part question which attracted some poorly prepared answers which offered poor diagrams, with dimensions in the text rather than on the diagram as required by the question. Some students failed to read the question and produced an additional plan drawing which was not requested, which did not attract additional marks and wasted valuable time. Many map submissions had insufficient annotation lacking annotation of oceans, seas, straits, capes, ports and countries. Some students failed to put port names on the world map which lost valuable marks. Better answers provided each drawing sufficiently large enough to fill a full A4 page and annotated their work with the correct dimensions.

**Question 2:**

**Answer ALL parts of the question.**

**A Medium Range tanker has been fixed to load 37,000 metric tons of Jet A1 at Rotterdam for discharge New York.**

- a) Provide a full fixture recap.**
- b) Explain the main provisions of the fixture.**
- c) Describe possible options for next employment.**

A popular question which attracted some well formed responses. Some students provided a recap of the fixture but failed to explain if this was a voyage charter employment or a trip time charter. Explanations of the recap needed to include the vessel name and vessel description, cargo description, tonnage/volume, last three cargoes, laycan, load and discharge ports, freight or hire rate, freight payment/hire payment, for voyage employment laytime and demurrage, notices, extra clauses and charter party form. Possible next employment options were considered including backhaul cargoes from the US Gulf.

**Question 3:**

**Answer ALL parts of the question.**

- a) Describe the main terms of a pumping clause from an Asbatankvoy voyage charter party.**
- b) Identify the main causes of delay in pumping cargo during discharge.**
- c) What evidence would be needed to report the circumstances relating to slow pumping?**

This three part question was not answered well. In part a) very few students attempted to develop the main terms of an Asbatankvoy pumping clause but instead focused on cargo being discharged within 24 hours or maintain a backpressure at the ship's manifold of 100psi. Most answers failed to include the cargo to be pumped into the Vessel at the expense, risk and peril of the Charterer, and pumped out of the Vessel at the expense of the Vessel, but at the risk and peril of the Vessel only so far as the Vessel's permanent hose connections, where delivery of the cargo shall be taken by the Charterer or its consignee. No answers explained if required by Charterer, Vessel after discharging is to clear shore pipe lines of cargo by pumping water through them and time consumed for this purpose shall apply against allowed laytime. In addition, students needed to add that the Vessel shall supply pumps and the necessary power for discharging in all ports, as well as necessary hands. However, should the Vessel be prevented from supplying such power by reason of regulations prohibiting fires on board, the Charterer or consignee shall supply, at its expense, all power necessary for discharging as well as loading, but the Owner shall pay for power supplied to the Vessel for other purposes. If cargo is loaded from lighters, the Vessel shall furnish steam at Charterer's expense for pumping cargo into its Vessel, if requested by the Charterer, providing the Vessel has facilities for generating steam and is permitted to have fires on board. Additionally, the answer needed to include overtime of officers and crew incurred in loading and/or discharging would be for account of the Vessel.

Part b) required an explanation of the main causes of pumping delay including : ship boiler or pump failure, residues in tanks extending stripping time, high back pressure and shore instructions to reduce back pressure. Part c) required evidence of poor pumping performance including: pumping log, product viscosity, diameter of pipelines, length of lines under seabed, overland or buried and if insulated. Other evidence included: ambient temperature, temperature of product and height of shore tanks above sea level. Part c) produced confused answers where students mixed causes of pumping with evidence needed.

**Question 4:**

**Answer ALL parts of the question.**

- a) Explain what is meant by “On Subjects”**
- b) Give FIVE examples of “subjects” with a brief outline explanation for a voyage charter**
- c) What are the ethical trading responsibilities that exist within the tanker industry viewed from the position of Owners, Charterers and Brokers?**

This three-part question was answered reasonably well. Some answers failed to identify subjects specifically for voyage charter employment. Part c) produced a range of ethical and unethical broking practices but failed to extend these ideas to include that once a vessel and cargo are fixed ‘on subjects’, the Principals should not discuss details of the ‘on subjects’ deal with third parties.

**Question 5:**

**Answer ALL parts of the question.**

**A shipowner has an LPG carrier open in MEG for a cargo of 45,000 metric tons of butane gas on offer loading at Qatar for discharge Yokohama.**

- a) Prepare a round voyage estimate for this employment 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. (Show all calculations).**
- b) Calculate a break-even rate for this employment in US dollars per day.**
- c) Describe the process of making a firm offer for this cargo.**

This question was reasonably well answered however some students grossly underestimated the distance from Qatar to Yokohama of 6,500 nautical miles which severely impacted on the gross voyage surplus per day. A number of answers confused time charter equivalent (TCE) with gross voyage surplus (GVS). GVS must be adjusted for anticipated commission to arrive at a TCE. In part b) some answers attempted a Worldscale breakeven rate which did not form part of this question. A break-even rate in US dollars per day is the total of all expenses including daily running costs divided by the total of voyage

days. Some students did not explain how they arrived a break-even rate but merely proffered a figure which lost valuable marks.

Part c) of this question produced some poorly prepared answers. Some students merely offered a firm offer while better answers discussed the process of establishing contact with owner's brokers, obtaining regular reports of market and open positions. They then went on to discuss current rates and market trend with the Broker. When sufficient data is available establish that the vessel is in position within proposed loading dates, cargo quantity, suitability of vessel for the intended cargo, ports and planned route. Only then would the Owner make a firm offer with a specified date, time and place for reply.

**Question 6:**

**Charterers have an obligation under a voyage charter party to nominate a safe berth and port for loading and discharging the cargo. When fixing under a Shellvoy 5 explain Charterer's obligation and liability to provide a safe berth and port.**

This question attracted some poorly prepared answers where many students failed to identify in clause 4 charterer's liability for providing a safe berth. Answers needed to explain charterers responsibility to exercise due diligence to order the vessel to ports or berths which are considered safe and conform to the provisions of the latest edition of the ICS/OCIMF Ship to Ship transfer guide. Answers often failed to state that charterers do not warrant the safety of any port, berth or transshipment operation and are not liable for damages or losses if they prove due diligence at the time orders were given or such loss was caused by an act of war or civil commotion.

No one mentioned the ice clause and war risk clause provisions which oblige charterers to nominate an alternative safe port where vessel must not push ice or is ordered to a port where warlike operations exist.

**Question 7:**

**Answer BOTH parts of the question.**

**A shipowner is planning to enter the market to secure a time charter employment for their ship.**

**a) Provide details of a firm offer for the above employment.**

**b) What additional rider clauses would you add to this employment offer and why?**

This question reasonably well answered however some students failed to mention the need to include protective clauses in part b) where provisions for general average, arbitration and law protect the common interest which these issues arise.

**Question 8:**

**Answer BOTH parts of the question.**

**You have fixed a Product tanker on voyage charter loading 20,000 metric tons +/- 5% CHOPT Gas Oil from Novorossiysk to Genoa. The vessel may be delayed loading following on from reported port congestion.**

**a) Describe three ways in which laytime may be applied at loading and discharge.**

**b) Explain how each of the chosen methods of applying laytime may benefit charterers in reducing exposure to demurrage charges along with the advantages and disadvantages of each.**

This question produced some poorly prepared answers that did not consider the forms of laytime available. Many answers focused on port and berth charter party fixtures and did not address the question. Very few answers referred to Worldscale Hours Terms and Conditions (WSHTC) and the customary 72 hours allowed for loading and discharge. No paper mentioned alternative average and reverse laytime available. Answers needed to explain the meaning of reversible laytime where charterers have the option to add together the time allowed for loading and discharging and average laytime where separate calculations are made for loading and discharging and any time saved in one operation is to be used to set off against any excess time used in the other.

Some answers discussed the benefits of WSHTC which have set number of hours permitted for loading and discharging. The disadvantage may be that charterer's facilities may not be ideal for owners to deliver cargo leading to demurrage claims. Normal rates for loading and discharging offer the parties an opportunity to agree minimum pumping rates however this may lead to demurrage incurred in Novorossiysk. Answers needed to go on to discuss reversible and average laytime which may benefit charterers where improved discharge rates. The disadvantage may be further delay at Genoa which may be attributable to the berth being occupied by another tanker.