

# Tanker Chartering

Examiners' Report, May, 2023

**1. Answer ALL parts of the question.**

**A Charterer has circulated market requirements to brokers with the following information:**

**“65,000 metric tons CPP MEG /UKC 10/20 October  
65,000 metric tons CPP ARA/USNH October”**

**Select ONE suitable tanker to offer for these employments.**

- a) Draw a profile and cross section of your chosen tanker type;**
- b) Label the main details and dimensions on your drawings;**
- c) On the world map provided, draw BOTH routes including: a port with country of loading and discharge for each route and suggested ports for taking bunkers.**
- d) Using these routes indicate on the world map provided what weather conditions could be anticipated for a vessel loading in October.**

This was a popular four-part question which attracted some poorly prepared answers with 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 detail 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. Several answers failed to identify ports in the United States North of Cape Hatteras and instead entered ports in the US Gulf 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.

**2. Describe the sources of income and payment terms available to a shipowner when contracting with an Asbatankvoy charter party.**

A popular question which attracted some poorly prepared answers. Some students provided an explanation of sources of income which often were not related directly to the Asbatankvoy charter party. Answers should describe income from freight, demurrage and deadfreight as described in Asbatankvoy charter party clauses 2,3 and 8. Some answers failed to mention income from deadfreight where a charterer is unable to provide the minimum quantity required under a fixture. Better answers went on to describe payment terms for each source of income.

**3. Compile a clean market report for an owner of a medium range tanker open in Fos, France and describe the options available for employment.**

This question attracted some poorly prepared answers that focused on aspects of the freight market but did not mention influences of newbuilding, second hand or demolition markets. Better answers made suggestions for voyage charter, consecutive employments, trip time charter and short- or medium-term time charter employment.

**4. Answer ALL parts of the question.**

**Charterer have on offer an LR1 for loading MEG to Japan.**

**a) Prepare a counter offer for 70,000 metric tons CPP with details of your choice.**

**b) Discuss the main terms used.**

**c) Discuss the benefits of fixing consecutive employment with this class of ship**

**Internal Report**

This three-part question was answered reasonably well. Some answers failed to construct a counter offer using the expression 'accept/except' and then identify the changes that had been incorporated. Some answers failed to explain the main terms of the counter offer missing the opportunity to explain why the level of freight may have been reduced, demurrage rate amended, increased the range of load and discharge ports or adding further rider clauses. In part c) an explanation was needed for the use of consecutive employment. Several answers mentioned that it provides the owner with additional employment with agreed terms and known costs. Many answers failed to mention that It enables the fixing process to be completed more speedily as all the terms are agreed. There is also the possibility with an increase in tonnage of cargo that the freight level may be reduced.

**5. Answer BOTH parts of the question.**

**Charterers have circulated the market with 5 cargoes loading North Africa for discharge UK/Cont/Mediterranean.**

**a) Show FIVE ports of loading and FIVE ports of discharge on the world map provided and describe the route each tanker will use.**

**b) Show on the world map provided proposed ports for taking bunkers and a description of the likely weather that may be experienced in October.**

This question was poorly answered displaying a lack of understanding of world geography. Several answers failed to read the question but instead selected ports in West Africa which lost valuable marks. Answers were generally poorly laid out making it extremely difficult to identify port locations. Part b) however produced better answers that selected some appropriate ports for bunkering and noted the adverse affects of cyclones in the Mediterranean in October.

**6. Answer ALL parts of the question.**

**a) Explain how WS100 is calculated.**

**b) Provide a fixture recap for a VLCC loading 1SP MEG for discharge 1SP, Japan displaying a current Worldscale rate.**

**c) Provide an explanation of the Worldscale rate used in part b) along with your view of the trend for the next 6 months.**

This question attracted some reasonable well prepared answers that described the use of the standard 75,000 dwt vessel used by Worldscale. Several answers failed to observe the change in standard vessel data introduced in 2023 including: a revised speed of 12.5 knots, consumption of 30 metric tons of very low sulphur fuel oil per day and a daily rate of US\$16,000 per day. Part b) was reasonably well answered however in part c) several answers failed to review the impact of second hand, newbuilding and demolition markets on ship supply on market trend.

**7. Answer BOTH parts of the question.**

**a) Prepare a round voyage estimate for an Aframax with details of your choice.**

**b) Provide a daily voyage surplus and break-even rate in Worldscale. (display all calculations)**

This question was reasonably well answered however many of the voyage estimates used distances between ports which were grossing under or over described which had a marked effect on the final gross daily surplus or loss. Some answers failed to make provision for emission control areas that lost valuable marks. Where emission controls are yet to be established a note should be included stating that this allowance may be needed in the future.

In part b) answers again used the term Time Charter Equivalent rate (TCE) without explaining its meaning. A time charter equivalent rate is the gross daily surplus which has been adjusted for anticipated commission for the next employment. Students also lost valuable marks in part b) by not providing an explanation of the Worldscale break even rate that was used.

**8. Answer ALL parts of the question.**

**A Suezmax tanker is open West Med where Owners are considering an offer of a trip time charter to load a cargo of crude oil from As Sidr, Libya for discharge Dalian, China.**

**a) Prepare a firm offer from an Owner's perspective.**

**b) Discuss the main terms of the firm offer.**

**c) Suggest the options available for next employment**

This question produced some poorly prepared answers that failed to address the question. Students who used voyage charter terms in their firm offer for time charter employment lost valuable marks. Answers often lacked an understanding of what a trip time charter is and quoted freight instead of hire, demurrage instead of hire payment terms, and laytime which is not used in time charter employment. A trip time charter begins when a vessel arrives at a point of delivery, with hire paid in advance, within laydays cancelling dates and is accepted on hire. Hire will incorporate the cost of bunkers onboard on delivery.

Answers to part b) generally failed to take the opportunity to explain the terms used by Owners which provided them with an advantage including higher daily hire rate and wider spread of laydays. Better answers introduced a ballast bonus. Part c) produced some well thought through answers however many submissions failed to consider options available for consecutive employment, contracts of affreightment and short- or medium-term time charter fixture.