



# EXAMINER'S REPORT

## NOVEMBER 2021

### TANKER CHARTERING

#### General Comments

There is again evidence that some papers were poorly planned with missing parts of answers, lacking content and failing to answer the question. There was a further 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. Those students who only answered two questions lost their chance of achieving a pass mark. Those students who failed to read the question and only answered part of an answer substantially reduced the marks they could achieve. Some students clearly had not prepared for the exams, resulting in poor answers.

## Question 1

Answer ALL parts of the question.

- a) Draw a profile and cross section of a Handysize tanker.
- b) Enter the main details and dimensions of the tanker 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 routes indicate what weather conditions could be anticipated for a vessel loading in June.

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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. Better answers provided each drawing sufficiently large enough to fill a full A4 page and annotated their work with the correct dimensions. Some answers provided trade routes for Handysize tonnage that are not used. Cargoes from MEG to Japan and China are carried by LR1 tonnage whereas Handysize tonnage tends to trade in cross Med/ Inter Western Europe, Inter Far East and cross Caribbean. Part d) attracted some well formed answers covering anticipated weather on the two selected trade routes in June.

## Question 2

**Answer ALL parts of the question.**

**A Gas Carrier has been fixed to load 160,000 cubic metres of LNG at Qatar for discharge Yokohama, Japan.**

- a) Provide a full fixture recap.**
- b) Explain in detail the main provisions of the fixture.**
- c) Describe possible options for next employment. Use the world map provided to support your answer.**

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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 Australia or Indonesia to China.

## Question 3

**You are a shipbroker who represents owners in the animal oil and vegetable oil trades. Provide your principal a market report indicating market trends and fixing opportunities for a 20,000 dwt tanker.**

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Answers to this question did provide a review of the current animal oil and vegetable oil market with employment opportunities for a 20,000 dwt tanker. However insufficient comment was made of the influences of the newbuilding, second hand, demolition markets, efficiency of the world fleet and industry standards. Answers however failed to mention changes in the dangerous goods code where animal oils and vegetable oils which were previously categorized as being unrestricted are now be required to be carried in chemical tankers. Also answers failed to mention the leading role of Palm Oil in demand in the human food, animal products and biofuel markets. Generally, answers did provide a view of the market trend and indicated an increasing demand for these products.

#### Question 4

Answer BOTH parts of the question.

**a) Describe how freight is calculated using a voyage estimate for a voyage chartered employment of a LR1 tanker loading CPP in Hamburg for discharge Med (Show all calculations).**

**b) Explain the options available to the parties to establish how freight should be paid under the above fixture.**

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In part a) some answers failed to provide a complete voyage estimate which lost valuable marks. Part b) attracted some well formed answers. Several answers however focused on the timing of payment of freight rather than the use of a rate per metric ton, lump sum freight or payment of freight based upon bill of lading tonnage before breaking bulk.

### Question 5

**Answer BOTH parts of the question.**

**A Medium Range product tanker has been fixed on 6 months' time charter delivery DOP Houston, Texas, USA, worldwide trading limits and redelivery plus/minus 14 days charterer's option Thailand, China/Japan at charterer's option.**

**a) Draw up a hire clause for this fixture and explain the main provisions of the clause.**

**b) How will the final hire be arranged?**

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Part a of the question attracted some well-formed answers which included an explanation of the main provisions of the clause. Other answers failed to mention the agreed rate of hire or provisions for non-payment of hire and owner's right to withdraw the vessel from charterer's service. In part b) answers often failed to identify redelivery of the vessel in Thailand, China/Japan at charterer's option. In addition, no mention was made about declaration of the final voyage and the port of redelivery. Most answers provided an explanation of the reasonable deductions that could be made by charterers from the final hire payment along with a reconciliation of final accounts after completion of the employment.

## Question 6

Answer BOTH parts of the question.

A shipowner has entered the market with a VLCC and plans to offer the vessel for a cargo of crude oil loading at WAF offshore mooring for discharge in Rotterdam.

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) Describe how the owner may compare this employment opportunity with a time charter employment using an example of your choice.

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This question attracted some well prepared voyage estimates that included details of the vessel, employment, voyage legs, voyage expenses and earnings. Many answers failed to answer the question and provide a gross surplus per day for the voyage but instead described a TCE, breakeven rate or net daily surplus.

In part b) of the question some answers identified a time charter employment but failed to mention options of trip time charter, short or medium term time charter. Very few answers discussed the comparison of a voyage estimate for a time charter employment with their voyage calculation in part a) comparing a gross surplus per day for each option.

### Question 7

Answer BOTH parts of the question.

Owners are considering fixing a tanker on bareboat charter.

- a) Describe the reasons why a tanker may be fixed in this way from an owner's and a charterer's perspective.
- b) Provide a firm offer for a bareboat employment of a tanker of your choice explaining the main terms used.

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This question reasonably well answered however some students failed to mention that from a charterer's perspective a bareboat employment may only be attractive if they have a large portfolio of forward contracts to secure employment for this long term fixture. In part b) many answers failed to display that bareboat employment is for a long period up to the full life of the ship of 20 years. Suggestions that bareboat would only be for 12 months lost valuable marks. Several answers failed to include an option for charterers to change flag or include a buy back option.

### Question 8

Answer BOTH parts of the question.

- a) Identify the main areas of risk that exist when discharging without production of bills of lading.
- b) How may these issues be overcome?

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This question produced some reasonably well prepared answers which discussed risks that exist following charterer's instructions discharging cargo without production of original bills of lading including claims arising from wrongful delivery or where a charge of destination may be involved. Claims for cargo damage may also occur as a result of commingling or mixing cargo onboard.

Remedies for this issue were provided, set around the use of a LOI provided by charterers and supported by a bank guarantee. Several answers failed to mention the need for owners to use their P&I club recommended wording, to avoid breach of this cover, ensuring that the LOI had no limit in time or value.