



TANKER CHARTERING

INTRODUCTORY REMARKS

The candidates' papers were marked with over 60% passing. A number of papers had answers that were poorly planned, resulting in essays that did not answer the question asked. The maps were used by virtually all candidates that selected the relevant questions, trade routes were selected, but not always accurately. However marks were missed by failing to show such features as main ports, capes, straits, weather patterns, and even oceans were frequently unnamed. Ship diagrams were overall acceptable but very few outstanding and indicate that a lot more work needs to be done.

Also it is disappointing to report again that some essays lacked preparation and planning. Where questions require assumptions to be made, these should be stated thereby assisting the candidate to provide focus on the answer.

1. In your view what will be the main influences on the structure of the tanker markets within the next 5 years?

The most popular question, but a number of short answers with some essays concentrating on the market supply of vessels; strangely very few of these mentioned the option of laying up. The topics that could have an influence include, world economic performance, price of crude oil, energy substitution, predicted USA self sufficiency in energy, political influences e.g. sanctions against Iran and new areas of supply. More thought and better planning could have improved the marks for many.

2. You are the chartering manager for an oil company responsible for the delivery of over 10 million tonnes per annum of crude oil to customers worldwide.

(a) Explain how you will monitor the chartering markets.

(b) Where would the crude oil be sourced?

(c) What strategies would you employ to stabilise costs?

Most understood that the market would be monitored through broking channels and publications whether through newspapers or on line. Current sources of supply were well-listed but lacked an explanation as to which may be most suitable. To stabilise costs, COAs, consecutive voyage and timecharter possibilities well covered but few mentioned FFAs or derivatives.

Virtually no essays stated any assumptions that were made, for example where the customers are located which would affect ship size.

3. Draw, in detail a modern MR tanker showing the dimensions. Describe two trade routes they are regularly fixed on, including the weather conditions that could be anticipated for a vessel loading in January. Use the world map provided to illustrate your answer.

Larger diagrams, using a full page of the answer booklet, with a profile and cross-section generally gave a better impression that the candidate was aware of the important points of a tanker. Some diagrams seemed to show the cargo tanks as separate structures with the hull.

Many diagrams did not include dimensions, which were asked for. Those that did include them were disappointingly inaccurate. Trade routes generally listed accurately the load area and discharge area, but not supported by detail or explanation which would have improved marks. Many answers limited the weather in January to 'ice'.

4. Prepare a tanker voyage estimate using data of your own choice, highlighting the essential elements to be included. Explain the differences between voyage costs and running costs.

In general, answers conveyed an understanding of what details are required to carry out a voyage estimate but a high number failed to show a layout or selected data of their choice, thus missing the possibility of achieving a better mark. Very few answers went as far as calculating a daily return or the difference that one Worldscale point makes to the result. The differences between voyage and running costs was generally covered well.



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5. Making any assumptions you deem necessary, explain what preparations a coated Panamax tanker will need to make for carriage of gasoil. What clauses would you expect to find in the charter party with respect vessel's readiness for the cargo? What are the main trade routes for the cargo and what weather conditions might be encountered?

The least popular question to be tackled and poorly answered in general. The answers seemed to lack planning and failed to state assumptions made, such as last cargo. Better answers attempted to cover clauses that would be found in the charter party but most of those concentrated on commencement of laytime, thus not tackling a cleaning clause.

Weather and ocean current's knowledge, disappointingly, was not covered in the majority of answers.

6. To what extent is the phrase 'once on demurrage always on demurrage' applicable in a tanker charter party? Give four examples of exceptions to laytime and explain how it is ensured they will apply to demurrage.

A popular question although students did not generally score highly. Many concentrated on exceptions per Conoco Weather Clause or when the vessel breaks down.

However, other examples were under-used whilst notice periods, awaiting tide and daylight, deballasting, excess pumping time were not explored. To ensure that laytime exceptions are included as exceptions to demurrage requires the inclusion of 'or time on demurrage if vessel on demurrage' or similar wording after the stated laytime exception.

7. Why is the Worldscale system popular in the majority of tanker trades as the method for fixing freight rates? What are the main points included in WSHTC?

Ease of using Worldscale and the transparency of the rate being paid in different market regions are the most quoted reasons for its popularity. In addition it provides flexibility in the range of load and discharge ranges which are agreed. Many answers covered all the information the candidate could write about Worldscale, including its history, sometimes accurately, but this did not assist them with their marks. Few answers covered the points included in WSHTC. In simple terms this is covered under 'Preamble Part B' - look it up!

8. You are the owner's Broker for a Suezmax tanker ballasting towards West Africa. A suitable cargo is quoted for discharge US Atlantic or US Gulf. Prepare an initial firm offer explaining fully the points you have included.

The question was generally well presented but some answers failed to give basic details such as 'the charterer's name' and 'reply time'. Very few offers excluded 'Nigerian Inner Berths', indeed some answers failed to mention load or discharge ranges at all. The top students were expected to ensure that the discharge ranges were described as 'or'. That is to say only one discharge range could be selected. Few seemed to be aware that USAC has a number of LOA and draft-restricted ports and that the US Gulf ports may have 'air draft' limitations.