ICS Examiners Report

Tanker Chartering 2010

Overall Comments

Many candidates used lists or bullet points to answer questions that required analysis, argument and explanation. Abbreviations were sometimes used without expansion. Where questions could be answered with a general knowledge of shipping, many candidates failed to use tanker specific answers which would have improved their mark.

Question One

The question did not ask what goes on during a negotiation but how the broker will establish a situation where the owner will offer for a competitive quote. The services provided by effective broking companies was well covered.

Question Two

Few candidates explained the contango pricing situation that lead to over 100 tankers being used for storage of clean products and crude oil in North West Europe, Caribbean and the Far East. Many answers dealt with the general derived demand theory together with failing to give at least two examples from the crude or product trades. General comments such the market is ‘high’ should be related to a level to gain improved marks. This was the least popular question.

Question Three

The question was reasonably well answered. Not many candidates suggested a bunker escalation clause or used tanker specific examples, doing so would have improved the mark.

Question Four

The most popular question, which had some very good answers. Although many did not mention that the charterer is responsible for the commercial operation of the vessel. The top marks being earned by those who used tanker examples. The general answers, whilst covering speed and consumption, failed to mention pumping performance. It was disappointing that the widely used Shelltime4 was rarely referred to.
**Question Five**

Not a popular question but some good answers which covered the LMAA process, Alternative Dispute Resolution and Court procedures. The top answers explained the value of Arbitration in assisting to maintain the trading relationships of the parties involved.

**Question Six**

Sketches were generally good, the weakness for many being unable to give the correct dimensions of the AFRAMAX. It was surprising that in describing a trade route very few used the map provided, preferring to draw their own. In some papers there was apparent confusion between the ‘clean’ and ‘dirty’ trades.

**Question Seven**

Candidates with operational and seafaring experience tackled this question very well. The ‘average’ answer went through the details of a Statement of Facts’ without being specific to the ship to ship operation. Such things as time waiting for fenders or lighterage vessels are important in this operation.

**Question Eight**

Generally the topic and the reason for subjects was well understood. The ethical considerations were covered rather superficially, for example few mentioned the practice of putting two ships on subjects for one piece of business.