ICS Examiners Report

Tanker Chartering 2011

Overall Comments
Reasonably well answered this year. It seems that candidates have learned from previous papers and Examiners’ Reports. Candidates who used the map would improve their mark by showing location of ports, canals and other maritime features. Many candidates who saw the words ‘Worldscale’ and ‘Laytime’ then wrote an essay on all they know about those topics, did not gain the best mark they would have attained by sticking to the question asked.

Question One
The most popular question with a number of disappointing answers where candidates wrote everything they know about laytime without answering the question. The answer should simply give a definition of laytime, then identify when laytime starts, what incidents would stop laytime running and state when laytime ceases. Surprisingly some only viewed the concept from the dry cargo perspective.

Question Two
The main issues of ‘No Original B/L available at discharge port’ and ‘Change of Destination’ seemed to be understood by the candidates but not many explained the problems associated with agreeing to a time limit and a value limit in the LOI. The better answers included reference to the issuance of a Letter of Indemnity when Charterers require co-mingling different grades of cargo during the laden passage.

Question Three
Sketches were reasonable on the whole - full page with dimensions gained the better marks. Unfortunately some candidates were unable to match ship type with trade route and cargo grade. Panama Canal Lock dimensions were sometimes confused with ship dimensions.

A number of candidates said Panamaxes would only trade via ‘Panama Canal’, in addition they regularly fix e.g. in the Baltic to NW Europe, Mediterranean, West Africa, Caribbean, AG to India and SE Asia. Where candidates used the map they very rarely marked the main ports or other features such as canals or capes.

Question Four
Disappointingly few candidates said they would check the background or trading history of the Charterers or the trades that the Charterer intended, which are very important when considering long term business for your tanker. The details required for a firm offer were answered, on the whole, quite well.
**Question Five**
Basics generally well covered, few mentioned that Owners paid the WRAP and would be reimbursed net of discounts or No Claim Bonus. Clauses of well known printed forms were mentioned by a minority of candidates. A fairly worded clause would be the Chevron War Risk Clause where perhaps the first 7 or 14 days would be for Owners’ account, as at date of charter party any increases or additional time for Charterers’ account. Better answers included reference to the situation where vessels were escorted and/or diverted due to ‘Pirate Activity’ in the Gulf of Aden and north Indian Ocean.

**Question Six**
Least popular question. The Conoco weather clause is not sufficient to cover the problems of closure of berth and possibly the requirement to move the vessel off/back, together with who would pay the relevant costs and whether or not time would count. The areas where swell is problematic include Morocco, Portugal, Falconara, Fuimicino, Ravenna, La Nouvelle, WC India in the SW Monsoon, EC India SE Monsoon.

**Question Seven**
Too many candidates repeated all they know about Worldscale as opposed to explaining “Terms and Conditions”. In simple terms the answer is covered in Preamble Part B – TERMS AND CONDITIONS. You will see there are 5 points covered, what are they?
Lumpsum rate calculations must be run between named ports, or if they range then a worst case approach must be used i.e. furthest distance – highest port expenses. Few answers covered these points convincingly. Calculations using WS can be carried out for any port in a given range since the different distances and port costs are covered in the Flat Rate for each voyage.

**Question Eight**
This question was aimed at candidates that are in touch with the tanker market on a daily basis. Unfortunately it was badly answered because few understood that some smaller VLCC’s may now (since Jan 2010) trade Med/East fully laden southbound through the Suez Canal - this would lead to lower freight cost per barrel, piracy permitting. Those that mentioned transit of VLCC’s, concentrated on northbound transits without recognising that the reduced tonne mile demand may adversely affect the rates on voyages MEG/West.