ICS Examiner’s Report

TANKER CHARTERING 2012

General
Some disappointing essays displaying lack of preparation, e.g. reviewing previous papers and Examiners’ Reports. In addition it is apparent that candidates should allow time to read the questions and plan answers. Poor examination technique (very little planning evident) in many of the 35-40 mark candidates. A list of points is not good enough to demonstrate a sufficient understanding of a topic to gain a good mark. Some candidates did not select questions where they could maximise their marks. Few outstanding answers.

Overall Comments
Where maps were used very little detail was included. By identifying (even some of) the following: oceans, continents, maritime features, currents, weather patterns, main ports – marks would improve.

Question Guidelines
Poor marks resulted from answers that were just too short, lacking sufficient detail to specifically answer the question set.

Question One
Not a popular question, even so a number of candidates failed to show an understanding of basic chartering terms, or what risks an owner would be facing if offering per the terms of the quote.

Very few picked up that a named port (in this case Jebel Dhanna) has (or could have) a draft or other restrictions and that it is the owner’s responsibility to ensure that cargo quantity as agreed can be loaded. Few picked up that the laydays cancelling is 00.00-12.00 hours, on the 3rd May, some suggesting that it was the ‘commencement’.
**Question Two**

This was the most popular question: all candidates mentioned Gulf of Aden/Indian Ocean High Risk Areas. Fewer mentioned: Nigeria, Benin, South America, Straits of Malacca. Some good answers mentioning the codes of practice and involvement of international organisations such as NAVFOR. Ship defence procedures, razor wire, hoses, use of citadel were less well covered. Many did not mention that relevant charter parties should cover who will pay for the insurance, guards deviation and delays – if any.

**Question Three**

Worrying to see that a number of answers covered ‘crude oil’ (which was not asked for and did not earn marks). Many answers failed to advise what the products are used for – general terms such as ‘domestic use’ or ‘industrial use’ is not what is expected. A pity that many candidates made poor use of the map, lacking even basic routes and weather patterns.

**Question Four**

Disappointing response to this question with many answers concentrating on individual brokers – not the broking company’s services. Many successful brokers have opened international offices in such places as New Delhi, Singapore and China.

The development of the web has enabled communications to be faster and more comprehensive. The downside is that many quotes are now received from unknown sources often not related to the principal’s trade – begging the question as to how reliable these companies are? To an increasing number of participants instant messaging has almost replaced the need to make telephone contact.

**Question Five**

Generally answered well, with the weaker candidates providing lists without explanations. Apparent confusion between ‘off hire’, ‘performance claims’ and ‘termination’. Better answers referred to specific charter party forms. Poorly structured answers earned the low marks.

**Question Six**

There were some good, well annotated diagrams, as well as some relatively poor examples. A surprising number of candidates elected to describe ‘LNG and LPG’ – the question specifically stated ‘or’. Routes were poorly explained but most candidates considered that ‘gas’ is the fuel of the future. Overall the marks were disappointing.
### Question Seven

Too many candidates wrote all they know about ‘Worldscale’ (WS), even so, most understood how the WS flat rate is calculated. The history of WS provided some creative prose, with many believing that WS started in 1989. All candidates attempted to identify the trades that *do not* use WS however a majority referred to ‘dry bulk trades’. Perhaps a deficiency in the wording of the question which perhaps should have read ‘identify the tanker trades that *do not* use the WS system.’

### Question Eight

This question was looking for the candidate’s understanding of the tanker market generally and at the same time enabling them to use knowledge of their local market. Most answers covered over supply of tonnage and large numbers of tankers to be delivered, against a background of declining demand due to economic slowdown and use of alternative fuels or fuel substitutes (renewable energy). Not many answers attempted to suggest what steps owners could take to improve the situation such as: slow steaming; scrapping; layup; pooling or cancelling orders.