

INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2008 EXAMINATIONS

THURSDAY APRIL 24 – MORNING

TANKER CHARTERING

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. The Baltic Dirty Tanker Index (BDTI) and the Baltic Clean Tanker Index (BCTI) had declined by about 60% in the two years until end October 2007. Selecting either the Dirty or Clean market what reasons would you attribute to this decline, where is this market today and where would you expect it to be by the end of 2008?
2. With the aid of a sketch describe a modern Suezmax tanker showing the main details and dimensions. Explain what trade routes they are regularly fixed on. Selecting one of these routes describe the weather conditions that could be anticipated for a vessel loading in January.
3. In your opinion 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”?
4. Prepare a tanker voyage estimate using data of your choice highlighting the essential elements. Explain the differences between voyage costs and running costs.
5. What services would you expect a modern tanker broking company to provide for its clients and how can they distinguish themselves from their competitors?

6. What is the definition of Demurrage? Explain the data required to calculate laytime used and demurrage, if any, incurred by a tanker.
7. What are the most important points that a charterer should look for in a coated AFRAMAX tanker when considering fixing for minimum 12 month period?
8. Making any assumptions you deem necessary, explain what preparations a coated panamax tanker will need to make for the carriage of Gas Oil. What clauses would you expect to find in a charter party with respect to the vessel's readiness for the cargo? What are the main trade routes for the cargo and what climatic conditions could be encountered?

THE INSTITUTE OF CHARTERED SHIPBROKERS

TANKER CHARTERING (TKC)

2008

EXAMINER'S REPORT

OVERALL COMMENT

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Generally slightly better than last year in that far fewer candidates scored poorly, however there were few very good papers. Despite the range of questions covering the full syllabus, some candidates struggled to find 5 questions to answer well although almost all candidates answered 5.

QUESTION 1 – BALTIC INDEX

Few candidates were able to talk convincingly about specific tanker sizes. Most focussed on supply/demand but few were able to cite statistics on the order-book, phase-out, or any increase in demand. Nobody mentioned that the Autumn 2005 figures were originally skewed upwards because of Hurricane Katrina.

QUESTION 2 – SUEZMAX TANKER

There are still plenty of candidates who – wrongly - attempt a sketch without a ruler. Many think that SBT is a separate issue to Double Hull (DH) structure. In general candidates were able to give the main dimensions accurately and showed the DH structure, though numbers and configuration of cargo tanks were less well handled. A number still believe that Suezmaxes spend their life transiting the Suez Canal whereas only a minority actually described the routine West Africa, Mediterranean, Black Sea and North Sea markets. Treatment of weather issues was fairly general.

QUESTION 3 – WORLDSCALE

Many candidates spent too much time describing the basis of calculation thereby failing to answer the question and explain why it is popular in the majority of tanker trades. Not many candidates gave an accurate description of WSHTC as opposed to the basis of calculation to establish the flat rates.

QUESTION 4 – VOYAGE ESTIMATE

Most candidates were able to differentiate running costs and voyage costs. Not many gave an example of a full voyage estimate and poor layout tended to reduce the overall mark. Few mentioned that calculations may be required on vessel's intake either for draft or cubic restrictions. On the positive side some candidates made some very plausible assumptions on mileage, speed/consumption and flat rates.

QUESTION 5 - BROKER SERVICES

Very few candidates went beyond the basic fixing desk level. There was a very simplistic, old-fashioned view of Owners' brokers' and Charterers' brokers. Nothing on derivatives, very little on Projects, Finance, S+P, or research beyond the daily spot report. The pattern of successful broking companies today is that provide all of the above services, if required, from a number of locations worldwide with, not surprisingly, India and China proving popular places for the new offices.

QUESTION 6 – DEMURRAGE

A popular question and in general, the highest scoring. Most definitions of demurrage were correct and the discussions showed knowledge of the subject. Better marks would have been obtained by candidates if they had explained why various Statement of Facts items and Charter Party terms were relevant, as opposed to just listing them. Candidates who were able to display specific tanker knowledge (port v berth charters, shifting, Conoco, Pumping) obtained the better marks.

QUESTION 7 – TIMECHARTER

Too many candidates were happy to list items that are important without explaining why, which would have brought them extra marks. Very few were able to analyse the clean/dirty questions raised by the word 'coated', in terms of trading and cargo ranges, last three cargoes. Few considered the issue of delivery/redelivery locations and, disappointingly, few mentioned speed and consumption. On the whole however candidates managed to convey understanding of the topic.

QUESTION 8 – PANAMAX-GASOIL

This was apparently a tough question and overall was not well answered. Some displayed a reasonable knowledge of tank preparation but only one or two considered the time and cost of de/re-inerting the tanks. Details such as foot sampling, independent surveyors and cleaning supervisors were generally not covered. The issue of charter party clauses was generally ignored. Trade routes were mainly guessed at and climatic conditions generic in nature.