

# **THE INSTITUTE OF CHARTERED SHIPBROKERS**

## **TANKER CHARTERING (TKC) 2007**

### **EXAMINER'S REPORT**

#### **OVERALL COMMENT**

There was 1 Distinction and a total of 15 candidates who scored 60% or over. At the other end of the scale of achievement 42 scored 39% or below. In general the diagrams are still disappointing but it has to be said that with Gas and Chemical carriers the detail expected was greater than usual. The exam was intended to be a slightly different format and knowledge required more specialised in some of the questions, so it pleasing to see that, nevertheless, the overall pass rate is better than 2006.

#### **QUESTION 1 – MARKET FOR LNG OR LPG CARRIERS**

The majority of candidates selected LNG but did not say anything about the size of the fleet or the current order book and that a number of new orders are reportedly 'on spec', contrary to previous experience where ships were ordered for a dedicated project. The minority knew about Moss and Membrane cargo containment systems.

#### **QUESTION 2 – WAR RISK PREMIUM**

Many candidates wrote about the Chevron War Risk clause without stating whether or not they thought it was 'fair'. The relevance of the word 'additional' was lost on some candidates, which is the premium payable for trading to an area designated as a 'War Risk Area' by the Lloyd's Insurance market's War Risk Committee. Better marks were achieved by the few answers which included accurate examples of current War Risk Areas. Very few highlighted that WRAP clause is often an item to be negotiated in a voyage charter resulting either in charterers paying all or the owner paying for the initial period at the current applicable rate and the charterers paying for any increases or additional period.

#### **QUESTION 3 – WORLDSCALE HOURS**

- a) Some candidates only mentioned the Basis of Calculation without mentioning the 7 other items covered including, importantly, laytime and what will be for 'Owners' and 'Charterers' account.
- b) The answers were not well tackled by majority. In simple terms such things as 'Canal' costs, the longest laden leg, highest port costs and number of load and discharge ports need to be included in the "LS" estimate which are covered when fixing as "WS" rate.

#### **QUESTION 4 – TIMECHARTER COMPARISONS**

The majority of answers adopted the 'Memo' format but the main reason for lower marks than could have been achieved was by not mentioning the documents "Q88 and VPQ". These contain the majority of information required with respect to the ship, so although candidates would say 'you will need to know...about the ship' did not suggest asking for these forms. Another important omission was not to ask for Owners/managers experience, current fleet, background and reputation, all-important factors in a prospective long-term business relationship.

#### **QUESTION 5 – CLEAN PRODUCT TANKER**

Very poorly answered in general. The majority of candidates did not mention all the clean products and clearly had not studied the lesson or textbook in this regard. Trades are not just seasonal but 'Price' or 'Arb' (as they say in the trade) driven. The weather and ocean currents knowledge was not covered in the majority of answers.

#### **QUESTION 6 – CARGO DESCRIPTIOS**

This question covers basic understanding of firm offers and cargoes so the poor answers were a disappointment. Very few knew what NPA stands for, since it is not used in the dirty trades perhaps there is an excuse for some but PC does not mean Petroleum Coke in the context of Tanker Chartering.

#### **QUESTION 7 PHASE-OUT OF SINGLE HULLS**

A question which does not have a 'right' answer but instead looks for a well argued opinion based on fundamental facts. Perhaps this question can never be asked again in tanker trades because we are very close to 2010 and, it is estimated, more than 70% of the fleet is now Double Hull. The phase-out date for virtually all trades, is 2010, the exceptions for the time being are Japan, Singapore and China where 2015 (or max 25 years old) is agreed (but for how long?) and will require the agreement of each vessel's flag state. Very few candidates mentioned that the regulations come from OPA, IMO/Marpol and EU regulations. Only 2 answers mentioned the 'order book' and anticipated deliveries until 2010.

#### **QUESTION 8 – SKETCH OF CHEMICAL PARCEL-CARRIER**

This topic had not been covered for some time in an examination, so as a guide the question spelled out what topics should be covered in the answer, unfortunately not many people used the guidance. The average answers lacked details of dimensions and trade route