

MT3006 SHIP CHARTERING AY20-21 SEMESTER 2

Q1a.

- (i) AFSPS – Arrival First Sea Pilot Station
- (ii) BBB – Before Breaking Bulk
- (iii) DHDATSBE – Despatch Half Demurrage on All Time Saved Both Ends
- (iv) FRT – Freight
- (v) OBO – Ore Bulk Oil Vessel

b. “Despatch” is the amount payable by the owners to the charterers for time saved from loading or discharging from the stipulated or agreed time.

(i) “Despatch on All Working Time Saved” (WTS) is the amount payable for the time from the completion of loading or discharging to the expiry of the laytime excluding any period excepted from the laytime.

(ii) “Despatch on All Time Saved” (ATS) payable for the time from the completion of loading or discharging to the expiry of the laytime including any periods excepted from the laytime.

c. “Slow Steaming” happens above the cut-out point of the auxiliary blowers and that can be achieved by most ships without requiring any modification of the engine or the installation of additional equipment, provided that the engine has been well maintained. On the other hand, “Ultra Slow Steaming” provides a full range of slower speeds to the charterers by also permitting the engines to operate below the cut-out point of the auxiliary blowers down to minimal engine loads. For this type of slow steaming operation, engine designers have advised that in most cases engine modification and additional equipment would be required.



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629 Assuming bunkers at HKG on Ballast since it is cheaper:

$$\begin{array}{l} \text{Dampier} \rightarrow \text{Qingdao} : 3549' \\ \text{Qingdao} \rightarrow \text{HKG} : 1162' \\ \text{HKG} \rightarrow \text{Dampier} : 2750' \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Dampier} \rightarrow \text{Qingdao} \\ \text{Qingdao} \rightarrow \text{HKG} \\ \text{HKG} \rightarrow \text{Dampier} \end{array}} \right\} \text{Total distance} = 7461'$$

$$\begin{array}{l} \text{Sea voyage days} : 7461 / 15 / 24 = 20.73 \text{ days} \\ \text{Port days: Load} : 150,000 / 15000 = 10 \text{ days} \\ \text{Disch} : 150,000 / 5000 = 30 \text{ days} \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Sea voyage days} \\ \text{Port days: Load} \\ \text{Disch} \end{array}} \right\} \text{Total Voyage days} = 60.73 \text{ days}$$

$$\begin{array}{l} \text{Bunker costs: Sea voyage} : 20.73 \times 60 \times \$495 = \$615,681 \\ \text{port} : 2.5 \times \$495 = \$1,237.50 \\ \text{Port costs} : \$150,000 + \$50,000 = \$200,000. \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Bunker costs: Sea voyage} \\ \text{port} \\ \text{Port costs} \end{array}} \right\} \text{Total Voyage Costs} = \$816,918.50$$

T/C = BETCE F2 \$16,000/day. (TCH rate)

$$\therefore \quad 16000 = \frac{FR \times 150000 - \$816,918.50}{60.73}$$

$FR = \$11.92/\text{MT}$, Economically viable since it is lesser than \$15/MT (\$115 - \$100) that competitor is procuring at.

$$\begin{array}{l} \text{Dampier} \rightarrow \text{Qingdao} : 3549' \\ \text{Qingdao} \rightarrow \text{Kaohsiung} : 919' \\ \text{Kaohsiung} \rightarrow \text{Dampier} : 2663' \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Dampier} \rightarrow \text{Qingdao} \\ \text{Qingdao} \rightarrow \text{Kaohsiung} \\ \text{Kaohsiung} \rightarrow \text{Dampier} \end{array}} \right\} \text{Total Distance} = 7131'$$

$$\begin{array}{l} \text{Sea Voyage days} : 7131 / 15 / 24 = 19.81 \text{ days} \\ \text{Port days} : 40 \text{ days} \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Sea Voyage days} \\ \text{Port days} \end{array}} \right\} \text{Total Voyage days} = 59.81 \text{ days}$$

$$\begin{array}{l} \text{Bunker cost: sea voyage} : 19.81 \times 60 \times \$500 = \$594,300 \\ \text{port} : 2.5 \times \$500 = \$1,250 \\ \text{Port costs} : \$200,000 \end{array} \quad \left. \vphantom{\begin{array}{l} \text{Bunker cost: sea voyage} \\ \text{port} \\ \text{Port costs} \end{array}} \right\} \text{Total Voyage costs} = \$795,550$$

$$16000 = \frac{FR \times 150000 - 795550}{59.81}$$

$FR = \$11.68/\text{MT}$.

More viable to take bunkers at Kaohsiung since FR is \$0.24/MT lower.

company per year:

Q3, shipowner 1: Lease

$$365 \times \$10,000 = \$3,650,000 \rightarrow CC$$

$$365 \times \$5000 = \$1,825,000 \rightarrow OC$$

$$CC + OC = \$5,475,000 / \text{year}$$

Shipowner 2: Buy

$$PV: \$10M$$

$$FV: \$5M$$

$$n: 5$$

$$r: 10\%$$

$$PMT = PV + \left(\frac{PV + FV}{(1+r)^n - 1} \right) \times r$$

$$= -10 + \left(\frac{-10 + 5}{(1.1)^5 - 1} \right) \times 0.1$$

$$= \$1,818,987 / \text{year} \rightarrow CC$$

$$CC + OC = \$1,818,987 + \$1,825,000$$

$$= \$3,643,987 / \text{year}$$

\therefore Shipowner 2 will generate lower freight cost //

Q4a. A Consecutive Voyage Charter (CVC) is a contract where a named vessel is contracted for several voyages. CVCs can exist in two forms, either certain number of voyages over a period of time, or as many voyages as possible over a period of time. Similar to Time Charters, it is of the charterer's disposal over an agreed time. However, it also has Voyage Charter characteristics such as individual voyages are on voyage terms and conditions, freight to pay per voyage completion, and usual laytime or demurrage calculations etc. CVCs are normally for short legs inter-port, long or short term.

b. BIMCO COVID-19 Crew Change Clause for Time Charter Parties 2020

(a) In addition to any other right to deviate under this contract, the Vessel shall have liberty to deviate for crew changes if COVID-19-related restrictions prevent crew changes from being conducted at the ports or places to which the Vessel has been ordered or within the scheduled period of call. Any deviation under this clause shall not be deemed to be an infringement or breach of this contract, and Owners shall not be liable for any loss or damage resulting therefrom.

(b) Owners shall exercise the right under subclause (a) above with due regard to Charterers' interests and shall notify Charterers in writing as soon as reasonably possible of any intended deviation for crew changes purposes.

(c) Charterers shall procure that subclause (a) shall be incorporated into all sub-charter parties, bills of lading, waybills or other documents evidencing contracts of carriage issued pursuant to this Charter Party.

(d) During the period of such deviation the Vessel shall:

(i)* remain on hire, but at a reduced rate of hire of USD per day. In the absence of an agreed amount, fifty per cent (50%) of the hire rate shall apply. The cost of bunkers consumed shall be shared equally between Owners and Charterers.

(ii)* be off-hire and the cost of bunkers consumed shall be for Owners' account.

(e) While the Vessel is at the port of deviation all port charges, pilotage and other expenses arising out of such crew changes shall be for the Owners' account.

****(d)(i) and (d)(ii) are alternatives. Delete whichever is not applicable. In the absence of deletions alternative (d)(i) shall apply.***

c. Product Tankers are designed to transport refined petroleum products from one port to another. Basically, they get their cargoes from refineries and deliver it to the consuming market. Thus, product tankers are built big enough to fit into ports and waterways. There are two categories of cargoes that Product Tankers carry: 1. Clean Petroleum Products (CPP) and 2. Dirty Petroleum Products (DPP).

On the other hand, Crude Tankers are oil tankers specifically built to carry crude oil. Since crude oil is the “Mother of all Petroleum”, countries around the world need this cargo to run their machines. Crude Tankers are usually enormous in size and play tremendous task in delivering this cargo worldwide.



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Date:

No:

US

DATE	DAY	TIME USED			TIME COUNTED			TIME SAVED / LOST			REM-
		D	H	M	D	H	M	D	H	M	

22 Nov	Thu	8	0		8	0					1400 = NOR tender 1600 = LT COMM.
23 Nov	Fri	1	0	0	1	8	0				
24 Nov	Sat	19	30		2	3	30				0800-1230: Rain, no work
25 Nov	Sun				2	3	30				SHEX
26 Nov	Mon	1	0	0	3	3	30				
27 Nov	Tue	1	0	0	4	3	30				
28 Nov	Wed	1	0	0	4	14	0		13	30	1030: LT Expires
29 Nov	Thu		12	30				1	2	0	1230: Ldg comp.

Total: 01 02 00 DEMURRAGE PAYABLE TO OWS

Time Allowed: 5500 / 1200 = 4D14H

Demurrage payable to Owners: $1 \times \$2500 + 2/24 \times \2500
 $= \$2708.33$

- END -