

# Anatomy of Petroleum Products and Chemicals Shipping

**Dubai**

**14-17 October 2018**

**Organised by**



*Cambridge Academy of Transport*



## Cambridge Academy of Transport

### Registration Form

# ANATOMY OF PETROLEUM PRODUCTS AND CHEMICALS SHIPPING

DUBAI • 14–17 OCTOBER 2018

To register your interest for the "Anatomy of Petroleum Products and Chemical Shipping" class, complete the form below and send it to Tulika Singh at the fax number or email address given below.

<b>DELEGATE 1:</b> Title _____ First name(s) _____ Family name _____ Company position _____
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<b>DELEGATE 3:</b> Title _____ First name(s) _____ Family name _____ Company position _____
Company name _____
Address _____ _____
Nature of business _____
Tel _____ Fax _____
E-mail _____

Enclosed is a cheque     Please invoice my Company     I wish to pay by Credit Card (details below)

**Course Fees:** The fee of **USD3,600** includes all documentation, lunch on each day and coffee/tea breaks. Payment can be made by cheque, bankers draft or inter-bank transfer. Cheques should be made payable to Cambridge Academy of Transport in US Dollars drawn on a bank in the United States. Bank details for inter-bank transfers are:

**Barclays Bank Plc, 28 Chesterton Road, Cambridge CB4 3AZ, UK**  
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**Return this form to:**

**Tulika Singh, Course Organiser**  
**Cambridge Academy of Transport**  
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# Course Programme

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## **Anatomy of Petroleum Products and Chemicals Shipping**

14-17 October 2018, Dubai

The aim of this management course is to guide participants towards the successful development of commercial tactics and strategies in the petroleum products and chemical carrier markets. This is achieved through an examination of the economic, commercial, operational, technical, contractual, financial and legislative considerations which together impact variously on the extent to which owners and charterers maintain a competitive edge in their transportation arrangements. The course will also consider the outlook for these two related markets and as such will also be of interest to other industry players such as financial institutions and ship yards. The course is presented by the Cambridge Academy of Transport in association with Richardson Lawrie Associates Ltd.

### **Sunday 14<sup>th</sup> October**

#### **Petroleum Products Trades and Future Trends**

This session will look at trade for the five main product groups: naphtha, gasoline, jet fuel/kerosene, gas/diesel oil and heavy fuel oil and consider issues such as:

- Changing trade patterns and their causes;
- Refinery developments;
- The impact of US tight oil production on US exports;
- Likely future trends.

#### **Chemicals Trades and Future Trends**

There is a multiplicity of products carried in chemical tankers. The purpose of this session is to ensure that participants have a good understanding of:

- main products and production chains,
- how this impacts on imports and exports by region;
- commercial implications for trade flows and types of services/vessel types required

#### **Worldscale**

Worldscale is a peculiarity of the oil tanker markets:

- What's its' purpose and what are the advantages of using a freight scale?
- What are the alternatives?
- How are Worldscale rates determined?
- The importance to commercial decisions of understanding Worldscale

This session will include a short exercise on the use of Worldscale

#### **The Petroleum Products Tanker Market; Drivers and Developments**

Coverage in this session will include:

- Vessel size utilisation on key routes;
- The current size of the fleet and newbuilding order book;
- Scrapping and new ordering activity;
- Trends in demand and supply;



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- Key players;
- Developments in rates.

### **The Chemical Tanker Market; Drivers and Developments**

This session covers:

- What is a chemical carrier from a commercial perspective and what is the real size of the fleet;
- Market drivers, rates and earnings;
- Some of the business strategies and tactics used by charterers and operators.

### **The Dynamics of the Liquid Bulk Shipping Markets**

The key objectives of this session are to:

- Examine how markets work and market behaviour;
- Relationships between changes in demand and supply and charter rates;
- Relationships between short and long term charters;
- The impact of changing charter rates on vessel prices.

### **Chartering in the Products Tanker Market**

This session aims to give insights as to how business is actually done, i.e. the typical day of a chemical charterer.

- How the relationship between owner and charterer is managed
- The main issues facing owners and charterers in today's market
- The use of brokers
- The services which a typical owner provides
- How deals are negotiated (spot/COA)
- The documentation
- How owners look to improve commercial returns and monitor performance
- Post fixture work

## **Monday 15<sup>th</sup> October**

### **Chartering in the Chemical Carrier Market**

Topics covered here will be similar to those for the products tanker market but the main focus will be what makes the chemical carrier market different and how these issues are addressed.

### **Vessel Operations: Post Fixture Mechanics**

The post fixture activities of an owner's/operator's staff are the key to the successful completion of a voyage or other contractual commitment. Fixing a ship may be the glamorous part of the business, but without the back-room support of a good post-fixture department most owners would see little of the "meagre" earnings from the ship.

Whilst many think only of laytime and demurrage in the context of "post fixture" operations, the reality is somewhat more complicated. This session will cover:

- What happens after a fixture is concluded?
- Who does what with whom?
- What does the ship need to know?

Specifically, operations focusses on the relationship between the ship and shore in carrying out orders or activities associated with a voyage or cargo assignment. Voyage and time charter orders to the master, chief officer, port agent and other parties will be considered. The type of information sought and sent will be reviewed.



### Costs versus Earnings - Economies of Scale

The session will examine some of the options that operators must review and how these can influence their responses to charterers' requirements.

- Quantified comparisons between earnings and costs.
- How operators decide what ships to deploy and how to deploy them;
- Freight rates for marginal or additional business

### Workshop - Voyage Estimating and Pricing Deviations

Seminar participants will undertake vessel economics exercises, drawn from real life. These are not only quantitative but also involve some qualitative issues. Answers will be presented and discussed within the group. This provides a platform for the Business Game.

### Business Game: Part 1

#### Bunkering and Speed Optimisation

This session includes:

- The importance of bunkers to owners' costs;
- Choosing when and where to bunker;
- Slowing steaming and the effect on bunker costs.

#### Maximising Voyage Returns - Managing the Bottom Line through Efficient Operations

Money is lost and gained through poorly worded or executed operational clauses. This session will cover issues such as:

- last cargoes/cleaning;
- inerting cargoes and the impact on demurrage
- pumping warranties
- cargo losses.

### Tuesday 16<sup>th</sup> October

#### Ship Management & Crewing

This session examines the subject of ship management from the viewpoint of an independent ship management company. Although third party ship management is a relatively young sector of the industry, rapid growth in the 1970s and 1980s has meant that a significant proportion of the world fleet is now operated by these companies.

This session will examine seven key aspects of the ship management sector:

1. What is (independent) ship management?
2. Why, when and how did it develop?
3. What is the market size and structure?
4. Why use a ship manager?
5. How is crewing a vessel done in the modern world?

The final item on crewing deserves a significant fraction of the session time as selecting a crew is one of the most important tasks faced by the ship manager. There are many options. Costs vary widely, and so may the voyage profits. What are the regulatory requirements and constraints? This session will provide the background to recent manning developments, examine crew composition, numbers and functions.



**Classification & Flag: Key to Operational Success**

This session will deal with two topics at the core of ship operations: classification societies and the vessel's flag.

The reason for the existence of classification dates from the days when insurance underwriters required an independent assessment of the quality of ships they were covering. Since those days the number of ship inspections has increased enormously with not only classification societies but also P & I Clubs, port inspectors, coast guards and many others "paying visits" to the ship.

Any new legislation which is introduced is likely to require some form of inspection or audit by the flag state, yet many nations do not have the resources to carry out this responsibility on a global basis. Classification societies fill this void by offering their services as "Recognised Organisations". This new role for class arises because of the movement of a significant fraction of the World cargo fleet into "flags of convenience" or "open registers". Fully 70% of vessels today are operated under one or other of these flag groupings, a development which will be examined in this session.

**IMO Regulations, Cargo & Ships; Latest Regulatory Developments & Their Consequences**

This presentation takes a completely up to date look at:

- The impact of current legislation relating to emissions, ballast water treatment and energy efficiency;
- The type of vessel needed to fix IMO 1/2/3 cargoes from the perspective of those cargoes which are subject to the requirements of the IBC (International Bulk Cargo) Code and those which are not;
- The relevance of SOLAS and MARPOL Conventions to ship design and operation will be explained including the impact of the latest EU and IMO regulations;
- Issues currently under discussion

**Choosing the Right Ship/Vessel Selection and Vetting**

The purpose of this session is to discuss the importance of Risk Assessment and the factors to be considered in managing operational risk in the chemical tanker and gas trades. The presentation will encompass the advantages for owners and charterers of uniform inspection protocols and the development of living systems for global risk assessment.

**Business Game: Part 2**

Charles Lawrie, Partner, Richardson Lawrie Associates, London, UK

**Principles of Ship Finance**

Understanding the requirements of financial institutions, how they view companies and markets and what they have in turn to offer is crucial to many project developments and acquisition decisions. This session will cover newbuilding and second hand financing, the availability of finance in specialist sectors and how this may differ from other markets, trends and alternatives and management of financial risk. The presentation will be geared to both the investment specialist and project development managers responsible for analysing and justifying new business ventures.

**Pooling - Risk Management**

Pooling is a commercial and vessel deployment strategy often found in the chemicals and gas sectors. This session discusses:

- The rationale,
- Advantages and disadvantages for owners and charterers,
- Contracting with pools;
- Pooling agreements;
- Revenue distribution



**Wednesday 17<sup>th</sup> October****P & I Insurance**

This session addresses the issue of protection and indemnity (P & I) insurance cover:

- How is it arranged?
- P & I Clubs – the International Group;
- What events does it cover?
- What costs are involved?

**Sale & Purchase**

This session covers tanker and chemical carrier sale and purchase contracts. The focus is on current business practice and potential pitfalls.

**Charter Parties**

Because a charter party is a contract, a dispute may arise regarding the interpretation of a clause or the meaning of a word. Over the years, many cases have been brought to resolve disputes on an enormous range of charter parties and clause wordings. Disputes over wording not previously considered by courts or arbitrators continue to arise. Hence, at any time there are a number of cases which may shed new light on charter party clauses.

During a falling or low freight market, charterers may seek to repudiate the charter party through some breach of its terms and in so doing become free to take advantage of the lower freight rates. Conversely, in a rising market, owners may look for a breach of contract in order that their ship be freed to trade in the more lucrative freight market prevailing. In the past, there have been instances of owners withdrawing ships due to late payment of hire - a development that led to the emergence of anti-technicality clauses in time charter parties.

It is important, therefore, to understand the post fixture implications or commercial risk of contractual terms, and how ignoring the precise detail of a contract may result in a substantial loss to one party if not the cancelling of the contract altogether. This session will therefore review some of the more important clauses in spot and time charter party which can have a significant commercial impact when things go wrong.

**Principles of Laytime and Demurrage**

For a relatively simple concept the issues of laytime and demurrage have occupied a disproportionately large amount of time in the courts and in arbitration. The sums in dispute may be quite small when compared to the sums involved in disputes over such things as time charter performance, unpaid freight or sale and purchase disputes. Many of these disputes arise out of misunderstandings of both the basic concepts and of the detailed contractual provisions as contained in charter parties. Based on current business practice, these sessions on laytime and demurrage will give course participants a better understanding of the concepts and provisions in order to help avoid problems in the future and provide practical insights into the more common areas of dispute.

**Business Game: Part 3 Conclusion****Laytime and Demurrage Case Study**

In a workshop style approach, laytime & demurrage clauses in different frequently used tanker charter parties will be examined and a laytime calculation exercise undertaken in a 'multi-cargo' operation.

**Conclusion**

*Programme subject to change*

