

Question 1

Answer BOTH parts of the question.

a) Draw a clearly labelled profile and cross section of a Handymax bulk carrier, including the principal particulars of the vessel.

b) Explain the main similarities and differences between a Handymax bulk carrier and a VLOC. You should mention ship design, typical cargoes carried and include a description of the main trade routes.

Use the world map provided to support your answer.

Drawing a bulk carrier is a fundamental part of the Dry cargo chartering course. Well labelled drawings get good marks irrespective of artistic talent. If the drawings are done in pencil, with a ruler, on the graph paper provided, they are more likely to achieve these marks.

A drawing of profile and cross section of a Handymax bulkcarrier with all relevant features labelled and a brief description (dwt/draft/loa/beam/ho/ha) plus the main differences regarding hold design and gear had to be stated to gain at least 50% of the marks.

Extra marks were then available for a description of at least two trade routes in at least basic detail eg loading A discharging B. There were no marks if students only drew the routes on the map as the question said "describe".

There were also additional marks

- for the description of these routes beyond load and discharge port eg for including routing and weather.
- for the differences in cargoes carried ie Iron Ore versus various minor bulks.
- for realistic dimensions with large, neat and clear diagrams
- and a well annotated map.

Examiner's Report

April 2016

Dry Cargo Chartering

Question 2

Using **TWO** of the following commodities, describe in detail **TWO** of their main trade routes, characteristics, hazards and stowage requirements:

- i) grain;
- ii) coal;
- iii) fertilisers;
- iv) steel products.

Use the world map provided to support your answer.

In order to gain at least 50% of the marks students needed to include at least two trade route descriptions per commodity. The route needs to be described in at least basic detail eg loading coal in Colombia, with a transatlantic crossing to discharge Rotterdam. No marks were given for the map if the description was missing. Students also needed at least one comment for each commodity on stowage, carriage, hazards and cargo characteristics to pass the question.

Further marks were available for extra comments on stowage, carriage, hazards and for discussing weather patterns around routing. There were also marks for annotated maps not just drawing lines.

Question 3

The loading of your owner's vessel has taken longer than charterers anticipated (through no fault of the ship). They are now asking you, as broker, to request that the Master signs the bills of lading prior to completion of loading.

Write to your owner with your advice, explaining why you think charterers are making this request, detailed reasons for your advice and possible outcomes for any actions.

The question asks the student to write a message so, in order to pass this question, the answer should firstly be in the form of a message and, secondly, should make reference to the fact that agreeing to the request would be fraud (technical or otherwise).

The explanation of the functions of the bill of lading, particularly receipt and document of title, should be used in this context to explain why this is fraud. There were no marks for simply stating the functions without demonstrating understanding. Also a sensible suggestion of why the request is made should be included.

Additional marks were available for the discussion of the problems of agreeing to the request including; owners being open to claim if not as per "receipt", the effects on insurance, no P&I cover, non-enforceability of letter of indemnity.

Further marks were available for ideas of protection and ways around the request in excess of simply "Don't do it".

Examiner's Report

April 2016

Dry Cargo Chartering

Question 4

Using a cargo and vessel of your choice, draft a voyage offer for your owner.

Use this offer to produce a voyage estimate to calculate the daily earnings the owner could expect if they fixed the cargo.

The offer had to include the following main elements : Charterer, name & description of vessel, Time and Place for reply, Cargo description size and margin, Rate, Load / Discharge, Laycan, Laytime terms, Demurrage/Despatch, % brokerage, Subject c/p.

And the estimate had to include all the workings necessary to get to an answer in order for the student to get at least 50% of the marks.

The examiner is not expected to do the calculation but they do need to see that the student understands that, for example, to calculate time it is distance divided by speed. If no workings are shown then no marks can be given.

Additional marks were available if the offer had been expanded beyond the basic and the estimate showed all workings. Students could have gained higher marks by calculating time and including a ballast leg. Students who gained distinction marks for their answer had the offer and estimate laid out neatly and in logical order.

Question 5

Answer ALL parts of the question.

Explain the differences between each of the following:

- a) definite and indefinite laytime,**
- b) all time saved and working time saved,**
- c) demurrage and despatch.**

The minimum required to gain at least 50% was for the correct definition of definite and indefinite laytime with respect to the calculation, for ATS and WTS with respect to actual time used and for demurrage and despatch with respect to all permitted laytime, plus a sensible example for at least one of the definitions.

Additional marks were available for the mention of "all purposes" or "total days", an example to show the huge potential difference for ATD vs WTS and where commission deducted for demurrage or despatch, plus further sensible examples. Distinction was given to well written essays with example calculations to illustrate answers and examples in all cases

Examiner's Report

April 2016

Dry Cargo Chartering

Question 6

Answer BOTH parts of the question.

Under a bareboat charter what are:

- a) The most common types of dispute which arise between owners and charterers? (Give a minimum of three examples).**
- b) The risks for an owner fixing a vessel to an insubstantial time charterer and what can be done to alleviate those risks?**

Students needed to provide at least 3 good reasons for a dispute – eg extent of charter period, delivery/redelivery position, agreed voyage areas, cancellation clauses, additional insurance cover – and include a sensible suggestion of risks AND at least one idea for alleviating risk in order to gain at least 50% of the marks.

There were extra marks available for a good explanation of at least 4 sensible dispute areas with expansion on risks and protection.

Distinction answers would have been formed by a well written essay with a degree of logic and flow to include the role of arbitration.

Question 7

As charterer's broker you have been asked to secure a vessel for a period of one year. Write to your principal with your advice as to which charter party they should use for negotiation/fixture. Make specific mention of the reason for any protective clauses and also if there are any clauses that have, in your opinion, room for negotiation.

Firstly the question asks the student to draft a message. The answer should therefore be in the form of a message and must deal with a time charter c/p eg NYPE or ASBATIME in order to pass.

The question specifically mentions the protective clauses and therefore there were marks for mentioning and explaining these; ie Clause Paramount, New Jason, New Both-to-Blame collision clause and a War clause.

There were extra marks available for the discussion of the potential negotiation of any clauses.

Examiner's Report

April 2016

Dry Cargo Chartering

Question 8

You, as a broker, have an investor who is new to the dry bulk shipping market and wants to invest. Write a detailed market report on the current state of the dry bulk market with your view on when the market might return to profitability. Your report should contain a discussion relating to the demand for cargoes and the supply of vessels.

The minimum detail required to gain 50% was a discussion of the current market situation including tonnage availability and cargo demand. Students also needed to discuss the supply and demand forecast and make a sensible argument from these predictions. Whilst the actual numbers did not have to be correct they should have been in the right general area and appear plausible.

There were additional marks for a discussion of the orderbook, again not necessarily exact figures but the correct order of magnitude, and the use of sensible data rather than completely imaginary.

A distinction answer would have had a good understanding of market forces with a logical flow to sensible advice.