



# EXAMINER'S REPORT

## NOVEMBER 2017

### DRY CARGO CHARTERING

**Q1. Your owner has been requested by the charterer to sign clean bills of lading for the loaded cargo on your ship. However the mate's receipts are claused. Write a message to your owner to: - explain the meaning of the term 'claused' - explain why you think charterers are making this request. - give detailed reasons for your advice for what the master should do and whether an LOI should be accepted. You should use the functions of the bill of lading to explain your advice. - explain the possible outcomes for any actions contrary to your advice. - provide a solution to the problem.**

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 explain what is meant by the term 'claused' and make reference to the fact that agreeing would be fraud (technical or otherwise)

The question advises the student to use the functions of the bill of lading to support the answer. This means that they should be used in context, not simply listed. The function of receipt should have been used in context to explain why signing clean bills for damaged cargo is fraud. There were no marks for simply stating the functions without demonstrating understanding. The explanation of Receipt should have included quantity and description of cargo loaded.

A sensible suggestion of why the request is made should also have been included to secure a pass.

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. Also commenting on the function of document of title in relation to fraud.

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

**Q2. Explain ALL of the following abbreviations and describe how they are used by providing examples a) WWD b) FAC c) HDLS d) SSHEX UUHTAUTC**

The question asked for explanations of all four abbreviations and examples, so an attempt had to have been made for each with a suitable example to secure a pass.

WWD- WEATHER WORKING DAYS: means a working day of 24 hours except for any time when bad weather prevents the loading or discharging of the vessel or would have prevented it, had work been in progress.

FAC – Fast as can – an example of indefinite laytime but note that shippers must act reasonably. An example of definite laytime in contrast received for full marks.

HDLS- Half despatch on laytime saved – This needed an explanation of demurrage and dispatch and a comment that despatch is set at half the demurrage rate on laytime saved. Comments about laytime versus working time saved received full marks.

SSHEX UUHTAUTC– SATURDAYS SUNDAYS HOLIDAYS EXCLUDED UNLESS USED HALF TIME ACTUALLY USED TO COUNT

This is an abbreviation used for the laytime calculation. By using this abbreviation, the time during Saturdays, Sundays and National Holidays will not be considered as laytime. In the case that the vessel is under operation during the excluded laytime, then half of the actual time used, will be considered as laytime.

**Q3. Answer BOTH parts of the question. a) Using a vessel of your choice draft a timecharter offer for its hire. b) Explain ALL of the following expressions: i. Laydays ii. Redelivery DOP iii. Subjects**

In order to pass this question the answer had to include all the main terms of a timecharter offer, particularly speed and consumption, hire rate, delivery point and bunkers on redelivery. It also needed an explanation of all the three terms (Laydays, Redelivery DOP and subjects).

There were then extra marks for extra elements within the offer, for example a time period or ballast bonus, and the neatness of that offer. There were also extra marks if examples had been included in the explanation of the terms.

**Q4. Answer BOTH parts of the question. a) Draw a fully labelled profile and fully labelled cross section of a Handymax, using the grid paper in your answer booklet b) Describe the principal particulars of the vessel and give a brief description of two major trade routes for this vessel. The description of the trade routes should include an appropriate commodity being carried, suitable load and discharge ports and description of the route taken between these ports. Use the world map 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 with all relevant features labelled and a brief description (dwt/draft/loa/beam/ho/ha) plus a basic description of two trade routes was needed to gain at least 50% of the marks.

A basic trade route description would mean loading at Tubarao, sailing across the Atlantic to discharge in Rotterdam (for example). There were no marks if students only drew the routes on the map or just listed importers and exporters, as the question said “describe”.

There were also additional marks for the description of these routes beyond load & discharge port eg for including routing and weather, for realistic dimensions with large, neat and clear diagrams and a well annotated map.

**Q5 Starting with the load ports and loading requirements, describe two major trade routes all the way to the discharge ports, including ports, route plan, weather, hazards of carriage and stowage requirements for TWO of the following cargoes: i. Iron Ore ii. Coal iii. Grain iv. Fertilisers Use the world map provided to support your answer.**

In order to pass students needed to include at least two trade route descriptions per commodity. This meant not just drawing lines on map or listing countries/ports of import and export but actually describing the route. For example, loading coal in Colombia, with a transatlantic crossing to discharge Rotterdam. The map is only to “support” the answer as the main question says “describe” the routes. A route description at its most basic must include a load port, sea crossing, discharge port.

There also needed to be at least one comment each on stowage, carriage, hazards and cargo characteristics in order to receive 50% of the marks available.

Further marks were available for extra comments on hazards and stowage and for discussing weather patterns around routing. There were also marks for annotated maps, not just lines on the outline but correctly identifying at least the countries of load and discharge and preferably the ports.

**Q6. You are the in-house broker of the charterer. Draft appropriate clauses to secure the interests of the charterer, your principal, regarding Laytime, NOR, Demurrage and Despatch.**

In order to pass there had to be a clause that was beneficial to the charterer, or at least neutral, for all three parts, as requested in the question:

Laytime: The cargo shall be loaded and discharged within the number of weather working days/hours, Fridays (if Muslim country) Saturdays Sundays and National Holidays excluded even if used. Laytime at loading and discharging ports shall commence same day 13.00 if the valid NOR is tendered up and included noon and next working day 08.00 if NOR is tendered after noon.

If the berth is not available, then the master of the vessel has the right to tender a valid NOR WWW (whether in berth or not, whether in free pratique or not, whether at port or not, whether customs cleared or not).

NOR: Valid NOR to be tendered normal working days and hours Monday – Friday 9.00 – 17.00 Saturdays, Sundays and National Holidays excluded WWW and sent to the charterers or the agents of the charterers both ends.

Demurrage: The owners have the right to claim for demurrage X days after the finishing of the operation of the vessel. Demurrage is payable at the rate stated in Box X in the manner stated in Box X per day pro rata and upon the receipt of the owners’ invoice. Fill Box Y: Demurrage to be payable within 15 banking days after the charterers receive the invoice from the owners and upon relevant documents i.e. statement of facts, NOR etc).

Despatch: Half demurrage both ends

Extra marks were available

Under laytime for a suggestion of days depending on the quantity of the cargo; The time used for berthing, shifting, opening and closing hatches shall not count as laytime.

Under NOR: Actual time used prior commencement of laytime not to count.

**Q7. Explain the current market situation for the Capesize sector of the dry bulk market in respect of supply and demand.**

In order to pass, students needed to discuss the current market situation including tonnage availability and cargo demand. Examiners were instructed that the actual numbers did not have to be “correct” but they should have been in the right ball park

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

There were additional marks for logic, understanding of market forces and good layout.

**Q8. Your owner has fixed a vessel on a year’s time charter. Provide the owner with an analysis of the most common reasons why the vessel might be considered as being ‘off-hire’ during that period, explaining the consequences to the hire payment.**

In order to pass, students needed to describe the various conditions as per Cl 15 in Asbatime (for example) and discuss the consequences to hire payment.

There should have been some reference to whether or not each condition is frequent or likely.

There were then additional marks for students who made an attempt at a suitable off-hire clause.