



EXAMINER'S REPORT

MAY 2018

DRY CARGO CHARTERING

Q1. Select two of the following commodities:

Coal, Grain, Timber, Steel

Describe ONE major trade route for each commodity. You must include loading ports; loading requirements; stowage requirements; route plan; weather, hazards of carriage and discharge ports.

Use the world map provided to support your answer

This question is the examiners main way of testing students' maritime geography. It therefore requires a clear description of a trade route to pass. The question asks for load and discharge ports and a route plan. In order to pass this needed to be included. For example loading coal in Puerto Bolivar, Colombia, crossing the Atlantic to discharge in Rotterdam. There needed to be a sea passage to pass, a list of load and discharge ports would not pass.

The question also required at least one comment each on stowage, carriage, hazards and cargo characteristics for each commodity.

There were further marks available for extra comments on stowage and carriage and for discussing weather patterns around the routing.

If the route was correctly described then a map with ports correctly identified also received extra marks.

Q2. Answer both parts of the question

- 1) Explain how disputes are settled in a standard voyage charter party, outlining the main elements of a draft clause.**
- 2) Describe two main areas of dispute for a voyage charter party and two for a time charter party, giving examples of how each might be resolved.**

This question is principally about how arbitration is used to settle dispute. In order to pass candidates needed to discuss arbitration, mention New York and/or London as the usual places to settle disputes and make a comment about a draft clause. They also needed to have 2 basic areas of dispute for a voyage charter and 2 for a time charter.

There were extra marks for expanding on the main areas of dispute in both charter parties and for a reasoned explanation of how these disputes might be solved. There were further marks for an attempt at drafting a suitable clause.

Q3. Draw fully labelled profile and cross sectional diagrams for EITHER

- a) Handysize bulkcarrier OR b) Very Large Ore Carrier**

Explain the principal differences and similarities between the two in relation to ship design and typical cargo. You should include the principal particulars of the vessel you have drawn and describe at least one typical trade route.

This question requires the candidate to draw a well annotated Profile and a well annotated cross section for either a Handysize bulkcarrier or a VLOC. It helped candidates to produce a clear diagram if they used the squared paper in the booklet and a pencil and ruler. In order to pass the two diagrams should have been accompanied by an explanation of the main differences between the vessels with respect to gear, hold design and cargo type.

Extra marks were available for the inclusion of sensible dimensions and a description of at least one trade route.

Further marks were awarded for the use of “real” examples for both ship design and trading patterns

Q4. The vessel has arrived at the discharge port and is in all respects ready to commence cargo operations. However the original bills of lading are not available. Send a message to the agent advising what steps will be needed to be taken to facilitate discharge. Remind them of the functions of the bill of lading and how he should proceed.

Answers had to be in the form of a message. This included stating the functions of the bill of lading, as well as including a comment on the three functions. This should have included:

Receipt; a comment on quantity and condition:

Document of Title: comment on right to claim delivery and security of payment:

Evidence of Contract: comment on reference to original c/p:

The answer had to also refer to either discharging under customs custody and/or LOI for discharging/delivery of cargo and why it is allowed in this case.

There were extra marks for explaining who draws up the LOI, who holds it and how it is exchanged.

Further marks were awarded in the form of a well written essay with all main points covered and some mention of when LOI are fraudulently used.

Q5. Answer BOTH parts of the question

Quote: Dampier (Australia) / Rotterdam (The Netherlands)

1 / 15 June 2018

160,000 tonnes iron ore 10% moloo

6 days SHINC AP

a) Use the above quote for cargo to draft a firm voyage offer on a vessel of your choice and draw the intended route on the world map provided, showing all relevant ports.

b) Calculate the potential voyage earnings for the vessel if the freight rate is US\$10.00/tonne

Show all workings in your calculation, distances may be approximate

Students had to attempt both parts of the question. The voyage offer had to use the quote given and include all the main elements. That is; Reply by, load/discharge ports, cargo tonnes, laycan, laytime terms, demurrage/despatch, brokerage, subjects.

The trade route from Dampier to Rotterdam had to include a sensible ballast leg and ports should have been labelled.

The voyage estimate had to clearly state all necessary items to determine a correct answer and

include a ballast leg and the workings for sea time, i.e. distance divided by speed = time. It was not sufficient to fill in a form with numbers.

Additional marks were available if the offer expanded beyond the basic and the estimate showed all the workings necessary to get to an answer.

Further marks were awarded for the offer and estimate laid out neatly and in logical order.

Q6. The trade in coal is set to fall as greener energy initiatives take hold around the world. As an owner of Panamax vessels heavily reliant on transporting coal, write a business plan that outlines your strategy to deal with this situation.

This was an open essay and so had quite a flexible marking scheme. However answers were expected to cover the following elements:

Market

Description and background of the coal trade and reason why coal shipments are declining;
indication of the size of coal trades and the commodity's significance to the Panamax sector;
likely impact on the Panamax fleet sector when it comes to future supply and freight rates

Strategy

Withdraw from the market. Scrap and/or sell tonnage in this sector. Convert ships and look at new business opportunities

Look at tonnage pooling, operating alliances, even merger & acquisitions

Target other cargoes, such as biomass and grain and shift to different trade lanes

Candidates needed to have made relevant comments about both market and strategy. However if the student took the contrary view that the coal trade is likely to rise in the future – as long as they had reasons to justify this view (not just “brokers say”) and could show the impact on trades and a strategy to cope with this view, then it was marked accordingly.

Q7. As charterer's broker you have been asked to secure a vessel for a period of one year. Draft a message 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.

This question was about the protective clauses found in a time charter party. The answer firstly had to be in the form of a message and secondly had to deal with a time charter party, for example NYPE or ASBATIME. It should have mentioned and explained the protective clauses; Clause Paramount, New Jason, New Both-to-Blame collision clause and the War clause.

There were extra marks for the discussion of the negotiation of clauses and any in depth explanation as well as marks for drafted example clauses.

Q8. Your charterer is looking to fix a vessel on either a voyage charter or time charter basis. Advise him about any additional payments he might have to make, other than freight or hire. You should explain each of the possible payments and draft simple clauses for insertion in a charter party.

In order to pass the answer had to be in the form of advice. It had to make a comment for Voyage Charters on dead freight and demurrage/despatch and for Time charters, payment for bunkers and ballast bonuses There should have been at least one draft clause example.

There were additional marks for mentioning freight taxes (in the voyage charter) and for discussing that additional payments for the Charterer under voyage charter can include loading or discharging expenses if the Charterer is the Shipper or the Receiver. Well written clauses also received extra marks. Further marks were awarded for calculated examples (using imaginary data).