



EXAMINER'S REPORT

MAY 2019

INTRODUCTION TO SHIPPING

General comments:

The questions set for the May 2019 exam session were well balanced covering key areas of the syllabus. Overall there was a fair attempt by many students who were able to demonstrate their extensive knowledge on Introduction to Shipping both in theory and practice. Many students were able to complete the required five questions, thus showing that time management and exam technique was improving. Unfortunately, the maritime geography question still proved difficult for many students and as such students should spend more time practicing before the exams. A very important point to make is that many students are still not writing a clear introduction, body and conclusion, which would greatly improve structure and create a well-developed answer. Students must work on ensuring that their definitions are clear and accurate. Overall the session was a good attempt at what was a balanced Introduction to Shipping paper.

Question 1:

Answer BOTH parts of the question.

Identify three main types of dry bulk carriers and the deadweight capacity

Using a world map to support your answer draw the trade routes identifying four (4) coal load ports and four (4) discharge ports.

What was being looked for by the examiner:

This question was attempted by a fair number of students. Part a. was not well done thus; students did not gain easy marks because they made errors in the DWT or dimensions they gave. However, most students were successful in identifying the names of the bulk carriers and what commodities they would generally transport. Part b. was poorly done by many students as the location of many ports on the map were incorrect or inaccurate and some students are still drawing shipping routes cutting across continents and land mass. Maritime geography is a main element of the Introduction to Shipping syllabus, thus students should pay a bit more attention to this area.

Question 2:

Using examples to support your answer, discuss the rights and the duties of a shipping agent to their principals.

What was being looked for by the examiner:

Students were required to use examples to discuss the rights and duties of a ship's agent in relation to their principal. Top students would have mentioned agency formation along with the respective rights and duties an agent has under Agency in general. Some students included in their discussion the key responsibilities of the agent, prior to the ship's arrival, approaching the port/harbour, upon arrival, loading & reloading, and after departure. The students who remembered to integrate examples into their discussion were awarded top marks.

Question 3:

Explain the reasons that a shipowner may wish to use the services of a ship management company, describing the main functions and the qualifications of the key staff members.

What was being looked for by the examiner:

This question was intended to test student's understanding of the importance of ship management companies. It was a fairly straight forward question which was an opportunity for students to gain maximum marks relatively easily. Students were expected to know that it is commonly used by owners of small fleets or single ship owners and time charterers or demise charterers, who do not have the resources to supply all the services required. Additionally, medium size shipowners may outsource part of the services to obtain economies of scale which allows them to be competitive. Top students were able to correctly identify the different departments, including which may be outsourced or managed in-house. Many students did not include the qualifications for the members of staff which would include ex Master Mariner, ex deck officers, ex Chief Engineer (Marine) and other professions such as maritime lawyers, MICS and chartered accountants.

Question 4:

Answer ALL parts of the question.

Define and discuss the purpose of each of the following tonnage measurements:

- **Light displacement**
- **Gross tonnage**
- **Deadweight**
- **DWCC**

What was being looked for by the examiner:

This was a popular question for students, but surprisingly many students gave very poor definitions and some totally mixed up the different meanings. Many students did not understand Gross Tonnage and DWCC correctly. However most answered light displacement correctly. The area of tonnage measurements is very important thus, students should be familiar with. Students are advised to ensure that they know the differences between each.

Question 5:

Answer ALL parts of the question:

You are a ship agent and your office has mistakenly released cargo to the wrong party.

- a. Discuss the legal implications of this error**
- b. Explain the actions as a manager, that you would take to remedy the situation.**

What was being looked for by the examiner

In this question students were expected to focus their discussion on the implications and remedies for wrongful release of cargo. Top students were able to identify the tort of conversion and that it is arguably the most serious type of Tort. Others provided a clear discussion on negligence or failure as a duty of care by the agent which was excellent. Unfortunately many students did not pick up easy marks for part b. Simple solutions like, seeking legal advice, contacting the P&I Club or advising the actual consignee of the error could have been discussed. Those students who did well were able to answer both parts of the question comprehensively.

Question 6:

Answer BOTH parts of the question:

- a. Describe the function of the P&I Club and its structure in terms of claims and management.**
- b. Describe five losses covered under the P&I Rules and provide a brief description of each.**

What was being looked for by the examiner

This was another popular question for students. Students who did well on this question identified and discussed the P&I Club being a mutual association, for its Members, receiving Calls and being a not-for profit organisation. Some top students gave examples of the name of P&I clubs such as Gard, Skuld, The American Club, Shipowners and Steamship Mutual. A few students did well to include in their discussion the different functions of Protection as opposed to Indemnity. Many students made a fair attempt on part b by identifying some of the covers which included Liabilities arising from damage to fixed and floating objects, pollution, wreck removal, towage and cargo damage.

Question 7:

Compare and contrast the Hague-Visby and the Rotterdam Rules.

What was being looked for by the examiner

This was not a popular question and seemed to have caused some students problems even though it was a straightforward question. Students were required to discuss that some of the main points in the Hague-Visby Rules were that animals and deck cargo are not covered, the carrier is not responsible for delays, a lower rate of SDR compensation is given, and time bar of one year is permitted. For the Rotterdam Rules some key points to include would have been it covers door-to-

door coverage designed for multimodal carriage of goods, the period of coverage is wider from point to point, carrier liable for delays is now introduced, the limits of liability is higher at 875 SDR per unit and 3 SDR per kilo and the time bar is now 2 years.

Question 8:

World resources are unequally distributed globally.

Define what is Absolute Advantage and using a bulk commodity of your choice discuss Comparative Advantage.

What was being looked for by the examiner

This was a very popular question for many students, some doing extremely well but others still made simple errors in defining both absolute advantage and comparative advantage. Those students who did well were able to discuss that comparative advantage is based on the idea that it increases the economic welfare of a population through international trade. Top students covered in their discussion a bulk commodity such as oil, iron ore, coal or grain. The best answers included the production frontier to illustrate their answer. For this type of question, students should pay attention to clear and accurate definitions.