



EXAMINER'S REPORT MAY 2021

DRY CARGO CHARTERING

General comments:

This report, on the fundamental subject for a dry cargo professional, is not to advise on the overall performance of the candidates but to assist those that have sat this paper and those that are about to sit, with some guidance as to what the examiner are seeking in the answers.

The basic requirement of every candidate is to

- Read and answer the question as given and to ensure all parts, if any, are answered.
- Answer five questions only, (any more will not be marked).
- Know the difference between a report and email correspondence.
- Know how to clearly draw a profile and a cross section of any cargo vessel that carries dry bulk cargo, (not in containers), label all relevant parts and state the dimensions for this particular vessel.
- Have a reasonable knowledge of Maritime Geography and be able to explain trade routes for the subject.
- Clearly annotating on the map provided, evidence of ports (in correct location), ocean/seas, countries, canals, straits and major weather conditions on the route.

The candidates should show their knowledge and understanding of the subject in an ordered structured answer, as requested and not just a bullet list of relevant points.

Question 1:

Answer ALL parts of the question.

While on passage to the next loading port, a vessel on Time Charter suffers a generator breakdown and is forced to deviate to the nearest port to repair the damage.

- a) Explain the calculations involved and the consequences to the hire payment.**
- b) Comment on FOUR other common reasons why the vessel might be considered as off-hire**
- c) Draft a typical 'off-hire' clause**

- a) The examiners expected an example of a calculation for the time spent off-hire and the quantity and cost of excess bunkers consumed. Then the hire to be adjusted accordingly.
- b) An explanation for four other reasons, (apart from deviation) allowed the candidates to show their knowledge.

c) This part was poorly answered by the majority of candidates. It is expected that knowledge of clauses in a T/C would be better known.
References to charter party forms and the relevant clauses would have boosted marks.

Question 2:

Answer BOTH parts of question:

a) Draft an example of a typical Freight payment clause you would encounter in a Voyage Charter Party and explain to your principal the Owner how freight is calculated under a Voyage Charter Party.

b) Comment on the risk of loss of freight and the relevant Charter Party clauses dealing with this point.

a) The answer should be written in the form of a message, the clause drafted should include the main elements: amount of freight per MT/CBM or lumpsum, state if Free in / out or Liner terms, the percentage of freight and where/when payable, any deductions from freight. If the initial payment is less than 100% state when/how the balance freight is to be settled.

Explain the ways to calculate freight – against the quantity of cargo loaded per MT; lumpsum freight; cargo volume (cubic quantity of cargo loaded) or cubic capacity of vessel's cargo compartments.

b) Define risk of loss of freight and comment on the relevant clauses dealing with the risk of loss of freight. The necessity to specify in the contract at which point the freight is deemed earned.

Mention that risk of loss of freight originally lies with the owner as freight is legally construed as a reward payable on right and true delivery. Comment on C/P clauses/wordings used to shift the risk from owners to charterers at alternative points when freight could be deemed earned – as cargo being loaded, upon loading, upon signing/releasing B/L, on shipment.

Additional marks given by examiners for a comprehensive and well drafted clause, including wording as the point at which freight is deemed earned. Also comments on how quantity of cargo established; freight payable on quantity of cargo loaded or outturn quantity, percentage in lieu of weighing cargo upon discharge (iron ore) would gain marks. A mention of insurance to cover the risk of loss of freight and examples given to support the answer and reference to specific C/P clauses (Gencon/Synacomex/Norgrain/Amwelsh etc..) would have boosted marks.

Question 3:

For ALL of the following abbreviations, write out the full term and explain its meaning and implication when used in a voyage charter fixture:

- ATDNSHINC
- WIFPON
- AAAA
- FIOSLSD
- MOLCHOPT

Correct explanation of each term and its implications were required as used in a voyage C/P.

ATDNSHINC = Any Time Day or Night Sundays and Holidays Included

Relates to when the NOR can be tendered after vessel has arrived at the point or place named in the charter party. Unusual in that it does not refer to office hours as common clauses do. Is usually followed by time beginning to count at start of next working period or after expiration of a specified period of time.

WIFPON = Whether in Free Pratique or not

This again relates to when NOR can be tendered. Free pratique is the right given by authorities to ships to enter port on the assurance the ship is free of contagious diseases. Often a mere formality, if a ship has not obtained free pratique it can cause problems for owners and may render a NOR invalid. Some charter parties require the master to issue a note of protest to port authorities if free pratique is withheld and laytime would be suspended until that protest is made.

AAAA = Always Accessible Always Afloat.

Refers to the port or berth where the vessel is directed under the charter. The place should not be affected by tides, winds or currents and there should be sufficient depth of water to accommodate the vessel at all times. Nothing to do with shore personnel boarding the vessel.

FIOSLSD = Free in and out stowed, lashed, secured and dunnaged.

Refers to the loading and discharging terms under the charter for cargoes such as steel coils etc which require to be secured so as to prevent shifting during the voyage. The charterer/shipper/receiver will be responsible for paying all costs and supplying dunnage materials. Sometimes the charter allows for any dunnage existing on board to be made available to the charterer for use without payment but with charterer still paying labour costs.

NB. Ship should ensure that any dunnage supplied is accompanied by phyto certificate if vessel destined for ports where such is required.

MOLCHOPT = More or less charterer's option

Refers to the quantity of cargo to be supplied at the loading port. Here charterer has the option to vary the quantity of cargo to be loaded from the specified quantity (usually defined as a percentage margin). Has implications for total freight earned and the time allowed for loading. Carrier should ensure before fixing that the allowed margin would not lead to an unsafe stowage situation.

Question 4:

In the context of Laytime briefly explain the following terms and draft appropriate clauses for their use in a voyage charter party:

- Commencement
- Interruptions
- Demurrage

This was the second most popular question but with a low actual pass rate. There were two parts to be answered for each term. Many candidates failed to either draft a clause or had little comprehension of how the term was used in a C/P.

Commencement is when a vessel has arrived at a port, complied with all formalities and contractual commitments and tendered NOR, laytime will commence in accordance with the contract terms. Then the examiners expected examples of such contract terms in a C/P to show understanding.

Interruptions was poorly answered in this paper. A common mistake was the failure of the candidates to mention weekends/holidays in the explanation. Examples of interruptions are weekend and holidays, shifting between berths, strikes, bad weather and breakdowns. Examples of how these affect laytime was expected.

Demurrage. A detailed definition and example was required to fully explain the concept of demurrage. Stating once on demurrage always on demurrage was not sufficient.

Candidates need to know written clauses of the terms in a charter party to be able to give examples.

Question 5:

An investment company is looking to invest in dry bulk carriers. Write a report on the state of the existing market and its future prospects. Give your recommendations as to which class of ship and cargo sector in which the company should invest.

This question is open ended and purposely given so that the examiners can see the knowledge of the candidates. The answer needs to be formatted in a report style and refers to the Investment company by the author in the correct manner.

Full assessment of the current dry bulk market, including supply, demand, freight rates, newbuilds backlog, role of specific classes of ships (Handy/Handymax/ Panamax/Capesize, etc)

A detailed review of factors that will affect future trading prospects and the potential deployment of various classes of dry bulk carriers is helpful. The report should also include changing mining, agricultural, manufacturing and trading patterns and purchasing trends when it comes to buying bulk cargo vessels.

Arguments need to be written supporting the recommendations made, ie second hand versus new tonnage, why grain over coal, Panamax over Capesize, trade lane deployments

There were extra marks for the candidate that provided realistic numbers, such as fleet size, trading numbers, freight rates and sale & purchase

Question 6:

Use the world map provided to support your answer.

Select TWO of the following Dry cargoes.

i. Iron ore

ii. Timber

iii. Steel

iv. Grain

for each of your selection, starting with the load ports and loading requirements of the ships, describe two major trade routes all the way to the discharge ports. Include the route plan, weather, hazards of carriage and stowage requirements.

The candidates must include two trade route descriptions per commodity. A description of loading and discharge methods in the ports required as well as stowage factor, hazard, and cargo characteristic per commodity.

Additional marks for extra comments on stowage, hazards, carriage, cargo characteristics, etc and for discussing weather patterns around the routing

Some candidates did not select two trade lanes, more than one hazard was often not described and the characteristics of the cargo could have been better described in the majority of answers. Some

of the maps delivered were inadequate with ports positioned in the wrong places, just lines drawn between ports and little annotations. The map element of the question must be improved.

Question 7:

Using the world map provided, show on the map the main exporting regions of coal and explain the four major hazards in transporting coal as well as measures of prevention.

Main exporting areas:

Good map annotation showing the main exporting regions such as United States (East, West and Gulf Coast), Canada's West Coast, Australia, South Africa, Indonesia, Russia, Venezuela and Colombia.

Extra marks were given for examples of main loading ports

GAS EXPLOSION – Coal (especially newly mined coal) emits an inflammable gas (methane) which, when mixed with air, is liable to explosion, if in contact with a naked light. Coal should be loaded into holds which have been well-aired and, during the first days after loading process, the cargo surface should be ventilated so as to remove any gas

SPONTANEOUS COMBUSTION – Coals, particularly soft bituminous types from the USA and Poland, are subject to heat and are liable to spontaneous combust. This possibility will depend on the length of time in the vessel's hold, the ventilation provided, weather conditions and methods of handling.

Although ventilation is necessary to reduce the risk of gas explosion, such ventilation may encourage spontaneous combustion by directing the air onto the hot surface of the coal and modern ventilation systems have been designed counteract this type of onboard hazard.

Temperatures of cargo must be taken daily at three places in each hold. The cargo temperature must be also checked before loading, if high, cargo must be rejected.

CARGO SHIFTING IN TRANSIT – Basically applies to types loaded wet such as coal breeze, slack, slurry or duff (small coals). Shift of cargo in transit endangering the stability and safety of the ship, particularly small coastal ships which lack self-trimming facilities. Appropriate water content tests must be conducted, and cargo potentially liable to excess surface movement must be rejected. Even for dry cargo, good trimming is important.

CORROSION OF SHIP'S HOLDS – Coals with a high sulphur content (particularly certain types mined from the USA) and when loaded wet are liable to create a situation whereby chemical action can corrode steel holds and bulkheads

Overall, there was a dismal explanation of the hazards by candidates and some guessed that Health and Safety of the crew was the point. The annotation of the maps must be improved. Even though it states on the map itself to name oceans and countries these were left out in the majority of *cases*.

Question 8:

Answer ALL parts of the question.

Using the graph paper and the world map provided.

- a) Draw a profile and cross section for a Handymax bulk carrier.**
- b) Label the principal parts of the vessel**
- c) Describe the principal characteristics and specifications of the vessel.**
- d) Give an example of ONE trade route and describe any hazards that may be encountered.**

a) A good neat and clear diagram was expected, using the graph paper as requested in the question.

- b) The answer must include a well annotated profile AND a well annotated cross section, with correct outline of holds, hatches and any cargo gear.*
- c) Specifications should be for the vessel drawn. Not just a range of specifications for the type of vessels.*
- d) Trade routes must be relevant for the vessel and cargo.*

Most of the candidates did satisfactory to very well on the drawings but many still did not use the graph paper. Some answers were very basic as far as specifications are concerned and only a few actually expanded their answer to include the characteristics of the vessel. Unfortunately, most of the candidates did not do so well in the description of the route and the hazards associated with it. There were a number of answers which omitted the weather hazards completely.

The map annotation and the routes drawn were very poor in most cases. Lack of detail and often ports indicated in the wrong position.