

# Examiner's Report

## May 2025

### DRY CARGO CHARTERING

#### General Comments

This report, on a fundamental subject for a dry cargo professional, is not intended to advise on the overall performance of the candidates, but to assist those who have sat this paper and those who are about to sit, with some guidance on what the examiners are seeking in the answers. Reading past reports of examiners in DCC and other subjects indicates that the candidate should gain familiarity with the exam and what is required to pass.

The basic requirement of every candidate is to

- **Read and answer the question as given**, and ensure **all** parts, if any, are answered. Comply with the instructions (e.g., start a new question on a new page)
- Answer **five** questions only (any more will not be marked).
- Know the difference between a report and email correspondence (i.e., a Message).  
Know how to clearly draw a **profile** and a **cross-section** of any cargo vessel that carries dry cargo (not in containers), label all relevant parts, and state the dimensions for this particular vessel, **not a range** of specifications.
- Have a reasonable knowledge of Maritime Geography and be able to explain trade routes for the subject. Shipping is a global business, and knowledge of the world is paramount.
- The map should always show relevant ports (in the correct location), routes, and geographical features on that route, such as oceans, seas, countries, capes, canals, straits, and special areas affected by weather, currents, or hazards.

Knowledge of the main charter parties is expected for this subject.

Overall, the examiners were very disappointed with the results for a straightforward DCC paper. The paper is designed to be accessible to someone who is familiar with the types of ships used, the commodities traded, their principal trade routes, the types of contracts, and the negotiation process. The examiners believe this is the fundamental minimum knowledge required for an aspiring Dry Cargo Chartering broker.

In this paper, there was a distinct lack of the correct signing off in the messages. There must always be, from a broker to a principal or charterer, the statement after the name 'As broker/agent only'.

### Question 1

Answer BOTH parts of the question.

- a) Explain the steps of the chartering negotiation process, from the original firm offer to the conclusion of a clean fixture
- b) Explain the concept of “warranty of authority” and describe potential breaches of this authority with the use of examples.

#### *a) Chartering negotiation Stages:*

*This question was a fundamental question for somebody who wants to pursue a career in DCC. The majority of the answers had incomplete explanations of the negotiations’ process. There were too many omissions of one or more of the stages. Importantly, many did not mention the need to have a time limit for reply both on offers and counter offers. Cargo offer enquiries were evident in some of the answers which shows lack of understanding of the question. Too many failed to mention the stage of negotiation of C/P details.*

#### *b) Warranty of Authority: Should be known by all candidates.*

- 1) The necessity to indicate source of authority*
- 2) Legal liability for unauthorised actions*
- 3) The requirement to insert “as Agent/Broker only”*
- 4) Discuss breach with or without negligence. Some examples given were word for word from the course book but failed to explain breach of authority with or without negligence.*
- 5) Third party liability insurance was missing from the majority of answers.*

### Question 2

Answer all parts.

- A) Describe the principal differences and any other similarities between a Supramax bulk carrier and a Very large Ore Carrier in relation to ship design and typical cargo.
- B) Draw fully labelled profile and cross-sectional diagrams for EITHER
  - a) Supramax bulkcarrier OR b) Very Large Ore Carrier
- C) State in full the main specifications of your chosen vessel.
- D) Describe at least one typical trade route for this vessel **with details** of the loading/discharge ports and hazards of cargo being carried.

Use the world map provided to support your answer.

*A question about ship types with specifications, drawings and explanation of routes has been found in every single paper in the last 10 years. Despite this fact and that it is usually the most popular question, candidates still fail to mention key points and do not draw a profile and a cross section of the vessel.*

*The majority of answers either explained poorly or failed to mention one or more of the following differences: holds shape, hatch covers and holds' capacities. The examiners still note that many are numbering the holds incorrectly. Knowledge of the ships were poor and the principal differences lacked understanding. Many gave the VLOC description as a Capesize of 200,000dwt. Drawings given with basic annotations with many omitting a cross section. Nearly all the drawings were of the supramax vessel. The specifications were minimal with a few giving more than that in the course book.*

*The detail of cargo handling, load/discharge ports, hazards of the cargo were poorly explained. Map annotation is woefully inadequate with details of the trade route.*

### Question 3

As a charterers broker, you have been informed that they are looking to fix a vessel on either a voyage charter or a time charter basis.

- a) Draft a message to your charterer about any additional payments the Charterer has to make under each C/P, **other** than freight or hire money.
- b) Draft a simple clause in the charterer's favour for each charter type covering one of the expenses you have identified.

*The answer should have been in a message format. The message should mention for Voyage Charters; deadfreight and demurrage/despach and for Time charters; payment for bunkers, ballast bonuses, canals and port expenses.*

*About half of the answers had no message format at all or not a proper one. In part a) too many candidates had not included Deadfreight in the additional payments of Voyage Charter. Some of them had not included Demurrage either. Similarly, many of the candidates had no reference to Ballast Bonus in additional payment of Time Charter. In part b) Many failed to write a realistic clause if at all. Basically, total confusion as to whose responsibility to pay for what additional charges under each requested charter party. Also in most cases, those that attempted a clause, it was not worded in charterer's favour as requested in the question.*

### Question 4

Answer ALL parts

Write out the full term for EACH of the following abbreviations, explain its meaning and its use and significance in Chartering contracts. Use examples to support your explanations.

- a) ATDNSHINC
- b) DLOSP
- c) FIOS

d) IUHATUTC

- a) *Any Time Day/Night Sundays and Holidays Included* – Refers to the presentation of NOR and when a ship is able to submit it eg NOR to be tendered ATDNSHINC. This term can also be seen in Time Charters attached to the Dely/Redely port/range eg Dely AFSPS 1 SP Antwerp-Hamburg Rge ATDNSHINC
- b) *Dropping Last Outward Sea Pilot* - a point of delivery on or redelivery off T/C, following a vessel's sailing from a port. In some ports more than 1 pilot may be used, hence this term indicates that all acts of pilotage must be complete. Essential term used only T/C. eg Redely DLOSP Antwerp.
- c) *Free In Out Stowed* – referring to the cost of and responsibility for loading/discharging under a Voyage C/P. Cargo to be loaded/stowed and discharged free of expense to the owners. Usually attached to freight terms eg Freight USD 30,- PMT FIOS
- d) *If Used Half Actual Time Used To Count* – refers to Laytime and means that when work is done during the excepted periods, half of the time actually used will count. Only used in Voyage Charters. Example under SSHEX UU IUHATUTC terms if vessel works 12 hours on a Saturday then 6 hours will count towards laytime used; Also is so agreed in the contract can apply to time used before commencement of laytime eg if vessel arrives on a weekend and commences cargo operations on arrival but according to terms agreed in the C/P laytime is only to commence next Monday at 08:00 hrs. If the vessel worked a total of 16 hours until Monday 08:00 then 8 hours should be computed as laytime used.

*The explanations of some abbreviations were totally incorrect. Very few had given examples. A number of answers had not mentioned that abbreviation a) is also used in TC for Notice of delivery and redelivery.*

*A number of candidates stated that 'DLOSP' is used for Delivery or Redelivery, not for both.*

*A number suggested that FIO was an INCOTERM meaning the buyer does not pay for stevedoring.*

*Part d) was poorly attempted if at all.*

## Question 5

Answer ALL parts of the question

Your Owner's vessel has just been delivered on a Time Charter Trip with duration of about 55/60 days and a net ballast bonus of 200.000 USD agreed.

- a) Using data of your choice, draft a first hire payment calculation for above TCT.
- b) Briefly explain all the elements of your calculation and show your workings
- c) Explain the meaning of 'Ballast Bonus'

*a) Time period varied widely in many papers, some included time spent on ballast trip as days on hire. Very few converted times to UTC (gmt), and many left out time altogether. A few correctly gave the initial hire of 15 days plus the ballast bonus*

*however, main points omitted were the BOD and cost, Ballast Bonus (nett), add com and brokerage, C/V/E, survey costs, if applicable.*

*First hire payment calculation to include:*

*Delivery time (GMT/UTC) / date (both required)*

*Correct calculation of the amount of hire due for the first 15 days, (which is usual practice but not always).*

*Calculation of quantity/types of bunkers on delivery x relevant prices*

*Any additional payments – C/V/E, On-hire survey costs (if applicable)*

*Ballast bonus net of commissions*

*Deduction of addcom and brokerage*

*Total amount due to owners*

*b) Explanations were often vague and lacked detail. What examiners required was:*

*-how hire calculated, when payable, why delivery/redelivery times adjusted to UTC plus bunkers on delivery*

*-additions to hire – Communications; Victualing and Expenses, On-hire survey costs (if applicable)*

*- deductions from hire – addcom and brokerage commissions*

*c) Ballast bonus, some explained BB satisfactorily but some were rather strange.*

*E.g. it was suggested that a ballast bonus was earned for loading cargo in ballast tanks! It is a positioning bonus negotiated by vessel's Owners to cover time and expenses such as bunkers/canals and tolls incurred between departure from the vessel's original position to the delivery point of the new employment; usually agreed as a lumpsum payment due together with the first hire payment, usually free of commissions. Sometimes negotiated for redelivery of the vessel, if the charterers intend to redeliver the vessel in a poor position, although not very common. Usually depends on the freight market and the negotiating strength of each party*

## **Question 6**

**Answer both parts.**

a) Fully describe P&I Clubs and explain their functions in the maritime industry.

b) Give examples of the covers offered by the P&I to its members.

*There was a disappointing pass rate for this question when it is an essential opex.*

*The great majority of the answers failed to describe P&I Clubs and how they operate by failing to mention that they are non-profit organisations, the members pay the so called 'calls' and if needed they pay 'supplementary calls'.*

*A large number of answers omitted important covers such as cargo claims and/or crew liabilities and/or damage to piers and/or wreck removals and/or oil pollution*

## **Question 7**

You are the charterer's broker fixing a vessel for carrying a cargo of steel coils on FIO terms from China to a port in the EU or UK to be declared. The intended charter party is a Gencon form. The charterer is a newcomer to shipping steel and has asked you what is meant by the term dunnage.

Draft a message to the charterer explaining what dunnage means and what his obligations as charterer will be under a Gencon charter party.

*A complete lack of knowledge of Gencon charter party which is a mainstay of the DCC sector and which should be studied in depth by any candidate.*

*From Bimco's glossary: - Dunnage = materials, often timber or matting, placed among cargo for separation and increased stability or to protect the tank tops.*

*The appropriate clause in the 2022 is 3 and in Gencon 1994 c/p is 5a which reads 5. Loading/Discharging*

*(a) Costs/Risks*

*The cargo shall be brought into the holds, loaded, stowed and/or trimmed, tallied, lashed and/or secured and taken from the holds and discharged by the Charterers, free of any risk, liability and expense whatsoever to the Owners.*

*The Charterers shall provide and lay all dunnage material as required for the proper stowage and protection of the cargo on board, the Owners allowing the use of all dunnage available on board. The Charterers shall be responsible for and pay the cost of removing their dunnage after discharge of the cargo under this Charter Party and time to count until dunnage has been removed.*

*Therefore, the answer should firstly be in a message format and then the examiners required the candidate to*

*a) Detail the charterer's obligations to provide, lay and remove dunnage under this clause*

*b) Mention that the time for removing the dunnage will continue to count after completing discharge.*

*c) Stating that in many parts of the world including the EU and UK, dunnage material must meet the requirements of the International Standards for Phytosanitary Measures Publication No. 15 (ISPM 15) and should be accompanied by an appropriate phytosanitary certificate. Failure to do this could mean that the vessel will be refused permission to discharge*

*This latter point was hardly mentioned in any of the papers.*

## Question 8

Your Principal (Head Charterers/Shippers) is planning to trade in CIF terms an Iron Ore parcel from East Coast of India to China. The enquiry to be circulated is as below. However, they are unable to finalise the deal because they need to know the tentative FREIGHT guidance and restrictions/limitation.

A/C: XYZ

Iron Ore Fines

60000 MT +/-10%

Geared / Grabber Required

Paradip / 15000 MT SHINC

LAYCAN- 15-20<sup>th</sup> JUNE'25

Qingdao / 20000 MT SHINC  
TTL 3.75%

As a Broker, draft a message to your principal about the present and future market the of this cargo and suggest which size vessel will be suitable to undertake this fixture. Also explain in the message the Port/Cargo restrictions and factors to be considered during loading and discharging.

*Again, a message was required, which was ignored by the majority. A practical question which was totally misunderstood by most. An attempt by a few to explain the current market of iron ore and the future prospects was attempted but lacked detail. No one referred to any dry bulk index and the FFAs. Little mention of liquefaction and its consequences, little reference to CAN tests and TML or the relevant IMSBC code. A poorly attempted question.*

*Only a few of the answers suggest an Ultramax, many opting instead for Supramax, one suggested an AFRAMAX. The examiners were wondering, while marking the papers, if the candidates were aware of the Ultramax.*

*The examiners wished to see:*

*a) Since Cargo is 60K +/-10%, Ultramax should be preferred rather than Supramax. Present BDI, BSI (Ultra) to be referred along with Bunker Price at Singapore. For Future market FFA index for Supramax can be a good reference considering trends of Bunker (+/-1). Mention of past fixed Freight and Freight fixing trends, will be best. Since Geared / Grabber required the density of the cargo and suitability of loading of such cargo with vessels GRABS to be checked earlier. Message to be signed off as BROKER/AGENTS only.*

*Generally, vessel to come from Chittagong/ECI area. In case coming from Chittagong then chances of further getting delayed which can even result in missing LAYCAN at Paradip.*

*Port / weather / Cargo restrictions – Paradip Port IOHP berth has 13 m Draft restrictions, Weather if raining is not suitable for loading, Iron Ore Fines needs regular CAN tests to verify Moisture Content, P&I surveyor should be arranged. In case Moisture Content is more than TML, then cargo should be replaced with other cargo within TML range or vessel need to be given DEAD FREIGHT by Charterers. There should be mention of the consequences of LIQUEFACTION of Cargo.*