

ICS Examinations May 2025: Report

Subject: LINER TRADES

Q1. Despite the efficiency of many modern container terminals, lengthy delays can still occur and impact liner services for several reasons. Highlight the various reasons why port delays can occur and suggest ways how liner services can deal with such delays.

Delays Occurring

- Poor terminal work practice
- Poor Terminal Maintenance
- Gantry crane and landside capacity
- High yard density
- Poor draught
- Labour go slows – work rates
- Congestion caused by carrier string realignment

Carrier Service Fix

- Void Sailings
- Congestion Surcharges
- Adding vessels to service to maintain weekly product
- Slower steaming to compensate for extra vessels
- Port Omission

Q2. Define the principles of yield management and, using a trade of your choice, detail the individual elements of revenue and cost, and how these are calculated for yield. Use examples to support your answer.

Good definition of the principles of yield management. If student gets this part right, then question can be high scoring

Detail 5 elements being [A] door to door or port to port revenue or total revenue [B] cost of moving the loaded container [C] Imbalance costs? [D] System cost [E] Admin cost. A-C is critical for establishing contribution to fixed costs

Two examples of where yield management can be effectively employed. There are textbook answers but extra for creative answers will be considered. Students who use flow planning [empty surplus and demand] calculations will score more marks as YM is beyond just cargo

Q3. Global container trade volume grew strongly in 2024 with also high TEU mile use creating tight supply/demand. Detail events that caused this and why this impacted positively on carrier profitability. Separately discuss likely events over the next 18 months which will impact against supply/demand and what carriers will need to do to address this.

For part [a] 2024 below is Feb 2025 Clarkson's highlighting very strong 2024 trade growth over 5% but more importantly over 18% growth in Bn TEU million miles due to the Suez Canal diversions. This kept the charter market tight and forced up rates. Weakening now appearing as more and more tonnage delivered. Supply = 2.9 Mn TEU delivered in 2024 and another 1.9 Mn in 2025 with strong orderbook. Requires lengthy answer

Container Trade		est. m TEU			Growth Trend			
		2022	2023	2024	'25 (f)	'26 (f)	'25 %	'26 %
Transpacific e/b		22.0	21.0	24.1	24.6	25.0	2.3%	1.8%
Far East-Europe w/b		15.4	16.6	18.0	18.3	18.4	1.2%	0.9%
TP/FE-Eur. backhaul		12.7	12.7	12.6	12.7	12.8	0.8%	0.5%
Transatlantic (e/b + w/b)		8.1	7.5	7.8	8.0	8.1	1.8%	1.8%
Total Mainlane		58.3	57.8	62.6	63.6	64.4	1.6%	1.3%
Non-Mainlane East-West		20.9	22.6	23.3	24.2	25.1	4.2%	3.5%
North-South		32.7	34.0	36.2	37.4	38.6	3.3%	3.1%
Intra-Asia		63.0	62.4	65.2	67.3	69.4	3.2%	3.1%
Other"		24.4	24.0	25.3	26.2	26.7	3.2%	2.3%
Total Trade	m. TEU	199.3	200.8	212.6	218.7	224.2	2.9%	2.5%
	% growth	-3.7%	0.7%	5.9%	2.9%	2.5%		
	est. bn TEU-miles	975	995	1,178	1,178	1,121	0.0%	-4.8%
	% growth	-5.3%	2.1%	18.4%	0.0%	-4.8%		

For the second part [b] on outlook trade growth drops back to 2.9% but tonne miles to zero [this is positive scenario based on carrier realignment on alliances and a very slow return to Suez. If the latter happens more quickly then it is going to damage the freight market quickly. Increased scrapping voids etc will increase but the sheer size of vessel delivery will ultimately hurt the freight market in 2026. USA activity creates uncertainty also as well as a general difficulty in predicting which way trade and supply will develop

4 – Answer BOTH parts of the question.

Container equipment provision is handled either by owned or leased equipment.

a) Explain the advantages and disadvantages of BOTH for the carrier and the types of leasing agreements that are available.

b) Describe the key features of the following equipment and cargo carried:

- i. Tank Containers**
- ii. Open Top Containers**
- iii. High Cube Containers**
- iv. Flat Rack Containers**

Owning = Cheaper in the long run, operators design and control of M&R, finance costs and disposal vs. demand.

Leasing = Allows fleet flexibility, reduced capital financing, M&R lessor, and contract types. Financial penalties etc.

Short-term Lease, Long-term Lease, Master Lease.

5. Transshipment and relay hubs are an extremely important and growing aspect of container shipping, especially given the growth in over 20,000 TEU vessels. Describe the key reasons why they are important and identify THREE transshipment hub ports and how they fit into global trading patterns.

Summary of key reasons for hubs

- Hub and spoke due to larger ship systems
- Need to reduce voyage times by reducing port coverage
- Wider network application with trunk lines e.g. Asia – WAF T/S RSA to open Asia – RSA trade and local = double dips. Or Middle East – SAF – WAF and notably the new high risk Gemini hub and spoke.
- Draft in some ports
- Carrier growth in terminal management [MSK – APMT / MSC – TIL/AGL etc]

Some examples of Hubs

- Salalah, Singapore, Tanjung Pelepas, Hong Kong, Jebel Ali, Ngqura, Valencia, Algeciras, Freeport, Manzanillo, Colombo.

6. Choose TWO of the following cargoes and identify at least TWO major trade routes on which they are shipped, including the main loading and discharging ports. Also comment on the types of equipment required for your selected cargo and why.

i. Fish Meal

ii. Built up Motor Vehicles

iii. Sugar

iv. Scrap Metal

v. Bananas

The question allows candidates to present a good knowledge of specific commodities moving on several trade lanes.

Fish Meal - This product moves in large quantities globally [2.5 to 3 million tonne trade]. Major exporters Chile, Peru, Vietnam, USA, Germany. Largest importer China but moves into areas for fish farming and feedstock. 20ft or 40ft DV used and often classed as HAZ class 9 cargo. Highly combustible in open holds.

Built up Vehicles [CBU] – globally in many areas compete with car carriers and have use 40ft HC containers often with complicated racking systems which can hold 4 cars. Compete with PCC vessels but have advantage in calling at smaller port systems

Sugar – Large volumes moving ex Thailand, Brazil, India etc. Use 20ft GP containers ideally with ventilation but also requires dry low moisture container floors due to nature of cargo.

Scrap metal - Is a global trade over 105 million tonnes per annum and quite a lot of this moves in containers [20ft GP's only]. Large trade into Turkey, China, India and Vietnam from Africa, USA, Europe [USA = 25% of world trade]. Key cargo care aspects are packaging [baled vs. loose the former preferred to avoid container damage], some carriers require plywood lining for protection and care must be taken to accept registered exporters avoiding oil residue [engines] etc.

Bananas – Climacteric fruit shipped from humid topical areas such as South America, Central America, Africa, Philippines and Caribbean to consumer areas such as North America and Europe. They are a high-volume cargo and are shipped in 40ft HC refrigerated containers and CA.

7. Answer BOTH parts of the question.

Whilst many liner operators have global offices, the need for Liner Agencies still remains important in many countries.

a) Explain the reasons why a liner company would employ an agent.

b) Describe which contract is used and give a breakdown of the key tasks that a liner agent would be expected to perform.

A clear understanding and explanation of the scale/size of a specific market are key drivers. The size of the market does not always apply; it could be a range of reasons:

- Complexity of the market
- Government regulations
- Joint Venture structures
-

SLGAA [Standard Liner Sub-Agency Agreement] and would be looking for:

- Avoid conflict of interest
- Port Agency
- Marketing and Sales
- Liner Operations
- Liner Documentation
- General Agency
- Accounting
- Remuneration

8. Define and comment on any four of the following abbreviations and their role within the liner industry

- i) **BIMCO**
- ii) **FIATA**
- iii) **FMC**
- iv) **UNCTAD**
- v) **ICC**
- vi) **ITF**