

Examiner's Report

November 2025

DRY CARGO CHARTERING

General Comments

The aim of this report, which focuses on a key topic for dry cargo professionals, is not to evaluate the overall performance of the candidates but to offer some guidance on what examiners are looking for in the answers. Reviewing past reports from the examiners in DCC and other subjects indicates that candidates should become familiar with the exam format and requirements for passing.

The basic requirement of every candidate is to

- Read and answer the questions as given, ensuring all parts, if any, are answered. Follow the instructions (e.g., start a new question on a new page).
- Answer only **five** questions (any more will not be marked).
- Understand the difference between a report and email correspondence (i.e., a Message).
- Be able to clearly draw a profile and a cross-section of any dry cargo vessel (not in containers), label all relevant parts, and specify the dimensions of this vessel, not a range of specifications.
- Have a sound knowledge of Maritime Geography and be able to explain trade routes relevant to the subject. Shipping is a global business, and knowledge of the world is essential.
- Understanding of the main charter parties in the Appendices is expected for this subject.

Question 1

An investment company is looking to enter the dry bulk shipping business. Write a detailed report on the state of the existing market and its future prospects, advising the group on the best class of ship to buy.

This answer should have been written in a report format addressing the client, with a proper introduction and sign-off 'As agents only'. This is a very important element for a broker.

It was not a popular question, and most of those who attempted it failed to provide any detailed report. A comprehensive review of the current market, including supply, demand, freight and charter rates, trading performance of the main dry bulk commodities, and the role of key ship types (Handy/Handymax, Supramax, Panamax, Capesize, and VLOC),

Future trading prospects must address the issues mentioned above, while also focusing on how changing energy markets, industrial and manufacturing standards, and agricultural practices will influence the movement of cargoes (coal, iron ore, grain, and minor bulks) in the dry bulk market.

Very few students explained and provided reasons for the best class(es) of ship to buy to satisfy the above.

Very few covered freight options were presented, and even fewer addressed the choices between new or secondhand tonnage or whether chartering is the best solution. Mostly, the proposals lacked supporting details such as purchase prices and TC rates for their suggested new build or second-hand tonnage.

Extra marks were awarded to students who supported their answers with realistic figures, including fleet size and the newbuild orderbook.

Question 2

Answer BOTH parts of the question.

You are the broker for a commodity trader who wishes to time charter a small number of vessels suited to carrying its cargoes of grain, fertilisers, timber and forest products along with an occasional shipment of steel. The vessels should be easily switched between the trades, but you are advised that at some ports that are likely to be used there is a maximum draught of 10-10.5m.

- A) Draft a message to your principal detailing the type of vessel and any equipment needed that would be most suitable for the purposes and cargoes mentioned. You should bear in mind that as the vessel is to operate under time charter your principal will be responsible for port charges. Therefore, you should advise all the details of the ship that will be needed to calculate port costs and which could affect stevedoring expenses. Give an indication of the likely maximum cargo for two of the specific commodities mentioned and any specific hazards related to those cargoes.
- B) Draw a labelled side view and cross section diagram of a vessel and give its specific tonnages and dimensions.

A) The answer should have been written in a message format.

Too many confused Handy and Handymax sizes, with a lot opting for a Handymax or Supramax vessel despite these being too large to fit the draught limitations of 10-10.5 m at some ports. Some answers proposed a Handy size vessel but gave dimensions for Handymax or Supramax. Several answers suggested Panamax, Post-Panamax and even Capesize vessels.

Few identified that the vessel should be of the box shaped hold variety so as to best accommodate bulk and semi-bulk cargoes (timber and steel) and mentioned compliance with special rules for grains and timber cargoes.

Holds were often shown as hopper-shaped, but the question required a box-shaped hold.

The question asked for “details of ship that will be needed to calculate port costs” such as length, draught, DWT, and GRT or NT, “which could affect stevedore expenses” such as the type and capacity of cranes, provisions on board of uprights, tarpaulins, slings, and lashing materials for timber cargoes, and dunnage for steel cargoes, as well as “max cargo loadable for 2 of the specific commodities” and “any specific hazards related to those cargoes”. The answers generally addressed only one or two of these points and omitted the rest.

Drawings are expected to be neat and typically drawn on graph paper in the answer booklet. However, this was not the case in many attempts. Holds were often depicted as hopper-shaped, but the question required a box-shaped hold. Descriptions of the vessel were generally very poor, with only a range of DWT provided and limited to LOA, beam, and draught. In some cases, GT/NT and/or grain capacities given did not match the suggested vessel’s DWT.

Question 3

Describe and explain how tendering Notice of Readiness and the counting of laytime are covered in the Gencon 22 Charter Party.

A very popular question, but not always well answered. This question requires an explanation of the relevant clauses of the Gencon 22 Charter party related to tendering Notice of Readiness and counting of laytime:

The Notice of Readiness (NOR) must be tendered in writing and can be served at any time, day or night. The NOR can be tendered prior to the first day of laydays; however, laytime shall not begin before that time unless cargo operations are commenced sooner. Clause 9(e) states the position under English case law, namely that several NORs can be tendered without prejudice to the validity of the other NORs.

If the loading or discharging berth is not designated or reachable on the vessel's arrival, Owners will be entitled to tender the NOR whether in berth/port or not, whether in free pratique or not, whether customs cleared or not.

Before tendering NOR, the Owners must exercise due diligence to ensure that all holds are clean, dry, and suitable in all respects to receive the cargo. If the vessel tenders an NOR and the holds are found on inspection not to be ready in all respects, the time spent waiting before the initial inspection will be counted. However, the time lost after the initial inspection and until the vessel is subsequently re-inspected jointly will not be counted.

If, after a subsequent joint reinspection, the holds are still not ready, Charterers may cancel the Charter by providing written notice within twelve (12) hours following either the expiry of a 96-hour grace period or the cancellation date, whichever is later, provided the Vessel is free of cargo.

If the charterer chooses to cancel, they will need to compensate owners at the demurrage rate for all time spent waiting for a berth after tendering Notice of Readiness.

Commencement of laytime under normal conditions as laid down in Clause 11.

While many students demonstrated solid knowledge, most provided irrelevant answers on "Acceptance" of NOR, 6/12 hours turn time (which is not the case under Gencon 22), or general common law principles on tendering NOR where consequences such as failing a hold inspection due to hold cleanliness for instance are modified by Gencon 22's express terms.

A few students identified the relevant clauses in Gencon 2022. Most tried to 'wing' this question presenting a general essay on laytime rather than making it explicit around the Gencon 2022 charter party as required. Several mentioned Gencon 22 but did not detail its specific requirements. Not many answers included comments on the BIMCO Laytime Definitions for Charter Parties 2013 incorporated in Gencon 22, and very few candidates commented on the new provisions with regards to the running of laytime:

(i) Time and costs for shifting between berths in the same port will be for the charterer's account.

(ii) Should time be lost on account of environmental or public health issues relating to the cargo (e.g. dust), time will count, and any costs will be for the charterer's account.

(iii) The completion of cargo operations and therefore when laytime and demurrage cease is now defined. The charterer is also given 3 hours after the completion of cargo operations at each port or place to provide a full set of cargo documents, after which, laytime or demurrage shall start again, This provision has the advantage of simplifying an owner's position since an owner's claim for damages for detention under the old Gencon charter party, often revolve around a dispute as to when the owner's claim for detention starts and the applicable rate of damages that an owner is entitled to claim.

Question 4

Answer BOTH parts of the question.

Your Owner's vessel has just completed loading a cargo of steel products (Hot Rolled Coils and Steel Slabs). A preliminary P&I survey appointed by Owners was carried out at Port warehouse. The P&I survey gave a detailed cargo condition report with minor remarks. Several steel coils were damaged during loading operation. All remarks on cargo condition were inserted in Mate's Receipts. Charterers are now requesting Owners, through you as a broker, to issue Clean on Board Bills of Lading against Charterers LOI.

As broker, write a letter to Owners :

- A) Relaying Charterer's request, explaining why they have made this request and reminding them of the main functions of the Bill of Lading.
- B) Describing "Clean on Board" B/L and offering your advice to Owners as to how they should proceed and the possible outcomes of agreeing Charterer's request.

Another popular question generally well answered.

While the answers were mostly in a message (e-mail) format, many still missed to sign off "As agents/brokers only".

a) Many papers did not suggest a reason for why the request for clean bills may have been made (L/C requirement, to obtain full payment for the cargo).

The three functions of a B/L were mentioned but not explained in many answers.

- *Receipt – acknowledges the description (including any marks/numbers identifying the cargo), quantity and apparent condition of the goods loaded on board.*
- *Evidence of contract of carriage - should contain reference to, and evidence of the relevant C/P.*
- *Document of title – the lawful holder of the B/L has the right to demand delivery; B/L can be transferred while goods are in transit; B/L can be used as security for payment*

b) 'Claused' (containing remarks on cargo apparent condition/quantity) and 'Clean of Board' B/L were generally well explained. Not all recognised that Bills of Lading should be issued in strict conformity with Mate's receipts.

While many referenced the fact that agreeing would be FRAUDULENT, very few explained why — as the B/L is a document containing significant statements that are facts, such as the port of loading, the shipper's identity, description, quantity, and apparent condition of the goods loaded on board. If any such statements are untrue (for example, the apparent condition of the goods), a person issuing or signing the Bill of Lading can be considered fraudulent. Very few commented on the obligation of the owner to deliver the cargo according to the "receipt", which is open to a claim from the receivers. While the majority discussed the non-enforceability of the Letter of Indemnity offered by the Charterers, almost no one mentioned that issuing a Bill of Lading with untrue contents is a breach of the contract of carriage.

Some did not comment on the fact that if the quantity or condition of cargo is not correct, then it affects insurance and may lead to a loss of P&I cover. While almost all suggest seeking assistance and advice from the P&I Club, very few proposed sensible solutions beyond 'Do not do it!', such as splitting the B/L and issuing a separate B/L for the damaged cargo or requesting to replace the damaged cargo with a sound one.

Surprisingly, we still see answers stating that "as long as the Charterers have a signed LOI, it should not be a problem to sign the Clean B/L"!

Question 5

Define and explain ALL of the following :

- A) Deadfreight
- B) Demurrage and Despatch
- C) Freight Tax
- D) Subjects

Use suitable examples to support your answer.

The terms were explained in very basic terms, and some explanations were incorrect.

A) While candidates mostly defined this correctly as form of damages to Owners being computed on basis of loss of freight, when charterers or shippers fail to provide a full cargo in accordance with that described in the Charter Party, very few mentioned that that deadfreight is added to freight earned and in case deafreight is paid charterers are allowed laytime for the full quantity of cargo paid for and brokerage and address commisions applicable on deafreight as well .

B) Demurrage was mostly well explained. Candidates correctly defined it as the amount paid to the Owners by Charterers when all permitted laytime is used up before the cargo operation is completed; the amount of demurrage is negotiated and agreed upon in the contract; it is usually expressed in USD per day or on a pro rata basis for part of a day. Many did mention 'once on demurrage always on demurrage'. While some answers included the comment that these are 'liquidated damages', few went further, explaining that demurrage is intended to reflect daily running costs including port bunker consumption and is negotiated according to the prevailing market. Very few mentioned that brokerage and commission charges are usually applicable to demurrage; however, this should be clearly stated in the brokerage and commission clause.

Explanations of despatch were often limited to a sentence stating that despatch was a reward due to the Charterer by the Owners for completing cargo operations before Laytime had expired, and is usually set at half the demurrage rate. Almost no one mentioned that usually brokerage and addcoms are not deducted from the dispatch amount.

C) Explanation of the freight tax was either not attempted at all or explained incorrectly by the majority of those candidates who attempted it. A very small number of candidates explained correctly that Freight taxes are levied by the authorities of some countries (principally developing countries) on freight deemed earned on outbound cargoes and, in a few cases, on inbound cargoes, and that usually the recipient of the freight is liable to pay the tax. It is frequently levied against the shipowners, added to port disbursements, while many thought that Freight Tax is payable by shipper or charterer despite this only being the case if explicitly written into a charter.

D) Explanation of subjects was mostly limited to describing that Charterers' and Owner's firm offers are almost always made with subjects such as : subject stem/shippers/receivers approval, Subject Owner's approval of Charterers, usually a time limit is placed for lifting the subjects and time for lifting the subjects is negotiable. Some did comment that under English Law there is no fixture until all subjects have been lifted, though very few mentioned that in some jurisdictions (notably US) the presence of subs would not invalidate the fixture.

Question 6

You are acting as broker for an Owner who has seen on the market a requirement for the carriage of a grain cargo which suits one of their vessels. Choosing a grain cargo type and size of your choice and, the appropriate vessel draft a firm offer on VOYAGE basis on behalf of the Owners. The offer should include additional terms specifically related to carriage of grains. Explain TWO of these additional terms and why they should be included in the charter party.

For a chartering broker, drafting an offer is a very common task in practice. This question required drafting a firm offer for a specific cargo type. Therefore, the examiners expected candidates to be fully aware of the requirements for drafting a firm voyage offer and including specific terms related to the carriage of the commodity in question.

Some candidates did not read the question carefully. They made offers for the wrong cargo (for example, fertilizer) or did not provide explanation of the additional terms specifically related to carriage of grains.

The firm offer should include all main elements : Reply by (Date/Time and Place); Account (Name of Charterers); Vessel's description - (name, type, IMO Nr, DWT/DWCC, flag, year of built, Class, P&I Club, No + dims of HO/HA, type of Hatch covers, GR/BL capacity, LOA/BEAM/Draught, gear Nr and SWL if applicable); Cargo description SF / option +/- on quantity; Load/disch ports; Lay/Can; FRT Rate/MT + terms FIOST/FIOT; Load/discharge rate ; Dem/Despatch; ADDCOM/Brokerage; CP form (SYNACOMEX 2000, GRAINCON 2003, Norgrain or any other Grain C/P Form).

Additional terms which gained some extra marks : Load/Discharge ports incl sp/sb number of berths AAAA or NAABSA; Load/Discharge rates including terms SHEX/SHINC-UU/EIU; Freight payment clause (usually 95% / 5%); taxes/dues on freight/cargo; agents; NOR; B/L marked Freight Prepaid or Freight Payable as per Charter Party and when to be released; determination of cargo quantity (shore scale/draft survey); Law and Arbitration

Terms specifically related to the carriage of grain cargo, which the examiners expected to see in the offer:

- Clean holds requirement / Holds Inspection before commencement of loading /NOR deferred in the case of holds not passing first inspection

- Terms related to watertightness of hatch covers / hose tests

- Fumigation - when/where the fumigation will be carried out, what fumigation method will be used, whose time and account

-Terms related to loading, stowage and trimming of cargo as per IMO regulations, SOLAS Convention and International Code for the Safe Carriage of Grain in Bulk, bagging/strapping of cargo, requirements as to type of holds (self trimming) etc...

The examiners expected a reasonable explanation of any two of the above terms and their purpose (clean holds requirement - grain is for human and animal consumption hence holds should be clean to avoid contamination of cargo; grain tends to shift during sea transportation hence the requirements to load/stow and trim cargo in accordance with the existing IMO regulations in this respect; Fumigation - to avoid infestation of cargo, method of fumigation is important with respect to safety of crew; watertightness of hatch covers - to avoid damages to cargo caused by sea water ingress during sea passage.

Most of the offers were well drafted, even though many attempts just included the basics with very few or no additional terms at all. Some candidates gave very good answers, but others seemed not familiar with grain cargo or did not know what terms should be in a grain voyage offer.

There were frequent omissions of stowage factor and payment terms. Despite the question asking for an owner broker's offer many put load/disch terms as SSHEX or quantity of cargo % more or less in Charterers' option. Some voyage offers wrongly included TCT terms. Lots opted for a Gencon C/P which was allowed as although not a grain specific is used by many Owners/Charterers for grain cargoes. A few candidates included a freight payment clause stating that 90/95% of the freight is to be paid within a certain number of days, but forgot to mention when the balance freight to be paid. Some answers also missed basic items in the offer, such as "load/discharge port", "laycan", and "Address commission/brokerage", C/P form.

Grain specific terms element was not well answered with many suggesting those clauses that apply across all cargo types – such as tendering of NOR for example. A few candidates wrote about TML and IMSBC Code, which do not apply to grain cargoes.

Question 7

Answer ALL parts of the question.

- A) Draft an "off-hire" clause you would typically encounter in a Time Charter party
- B) Explain what is meant by the term "off-hire" and comment how the vessel being "off-hire" would affect the payment of hire, if at all.
- C) Describe TWO reasons that may lead to an off-hire incident using suitable examples to support your answer.

A) The drafted clause should contain, for example, words such as "loss of time"; "preventing full working of vessel" and to include most common reasons that can cause loss of time and significant causes such as: Breakdown of machinery; Damage to hull, machinery or equipment; Crew matters; Fire; Arrest; Deviation; Etc; Should also have a bunker consumption provision during off-hire.

Reference for a full wording of an off-hire clause, was expected e.g. Clause 17 NYPE 2015, Clause 15 ASBATIME, LL372-380 NYPE1993

While there were some very good off-hire clauses drafted, many did not attempt to draft a clause at all, or omitted provisions for bunker consumption during off-hire.

B) The examiners expected a reasonable explanation of the term "off-hire", making reference to the full working of the ship and the demands on the ship at time of any off-hire event; any off-hire event would cause loss of time for the charterer and this prevents the full working of the vessel. A clear and concise explanation of the consequences making reference to off-hire clauses in relevant C/Ps as above.

C) Explications of any two off-hire events, supported with suitable examples to demonstrate how off-hire is calculated, bunkers consumed during off-hire, etc...

The explanations of off-hire, how payment of hire affected and the off-hire events were generally very basic. Quite a few discussed bad weather, shore crane breakdowns, and port strikes as off-hire events. Several discussed laytime in relation to off-hire. Candidates often stated the off-hire events (e.g. breakdown of cranes or engine) but failed to specify the immediate services the vessel required (e.g. cargo operations in port or sailing at sea). Without these details, the explanation did not establish that (1) the off-hire event falls within the scope of the off-hire clause, (2) it prevented the full working of the vessel and (3) it resulted in time lost.

Many also described deviation with wrong calculations or explanations. In the case of deviation, hire is to be suspended from the time of the vessel deviating or putting back until she is again in the same or equidistant position from the destination and the voyage resumed therefrom. All bunkers consumed by the vessel while off-hire are for owners' account.

Some candidates confused "Off-hire claims" with "Performance claims". In a valid off-hire claim, Charterers are not required to pay both the hire and bunkers. A performance claim, by contrast, is a damages claim. Charterers are obliged to pay hire and bunkers for the whole passage, but they are not liable for the excessive steaming time (often referred as "Time Lost" in reports from Weather Routing Companies) and the over-consumed bunkers due to vessel's underperformance.

Question 8

Abstract of Charter Party Terms:

- Discharge Port: 1-2SB Ningbo, China

- At discharge port, Master can tender NOR ATDNSHINC, whether in berth or not, whether in Port or not, whether in custom clearance or not and whether in free pratique or not.

Situation: The designated berth for vessel was vacant and declared to Owners/Master before her arrival.

Abstract of Statement of Facts:

- 15/Oct 0800LT Vessel arrived and could not berth due to bad weather. Vessel dropped anchor at the usual waiting anchorage & NOR Tendered. Charterers rejected the NOR

- 15/Oct 0800 – 2400hrs Bad weather - 16/Oct 0000 – 2400hrs Bad weather

- 17/Oct 0000 – 0600hrs Bad weather - 17/Oct 0600 – 0800hrs shifting to berth

- 17/Oct 0800 Vessel alongside. Master re-tendered NOR without prejudice to NOR tendered on 15/Oct

You are the Owner's Broker and the Owner is now seeking your advice on this situation. Draft an email to your Owner to analyse the given Charter Party terms and advise on the validity of NORs tendered by Master with reasons.

Again, a message was required, which was ignored by many. A practical question which was totally misunderstood by most.

Candidates were expected to apply their knowledge of C/P terms and explain the following details:

- 1. What is a "Port and Berth Charter" and when NOR can be tendered under Port/Berth charter*
- 2. The term "1-2SB Ningbo, China" is a "Berth Charter". Under a Berth Charter, NOR cannot be tendered until the vessel is berthed*
- 3. Purpose of the WWWW, especially WIBON*
- 4. Will the term "WIBON" convert a "Berth Charter" into a "Port Charter" or under limited circumstances only?*

Distinguish the risks of delay in berthing:

a) "Navigation delay" (such as berth is vacant, but vessel cannot berth due to bad weather, waiting for tide ... etc) is at Owner's risks. The term "WIBON" will not assist Master to tender NOR before berthing in this case; and

b) "Commercial delay" (such as berth congestion) is as Charterer's risk. The term "WIBON" allows Master to tender NOR at the usual waiting anchorage and is in the immediate disposition of the charterer when a berth is not immediately available upon vessel's arrival (similar to a Port Charter).

5. Determine that the first NOR tendered by Master is invalid and the 2nd NOR is valid

As far as tendering NOR is concerned, whether a "Berth Charter + WIBON = Port Charter"?

This question concerns a berth charter where the designated berth is vacant and available, but inaccessible due to weather. It was designed to test candidates' understanding of:

- 1. when a Master may tender NOR under a Berth and Port charter, and*
- 2. the limited application of the term "WIBON" in a berth charter following The Kyzilos 1989.*

Many candidates simply answered that Master could tender NOR on 15/Oct 0800LT because of the terms "ATDNSHINC" and "WIBON". Many ignored the fact given in question "The designated berth for vessel was vacant and declared to Owners/Master before her arrival" and the effect of this fact. Many stated that both NOR tendered are valid and just a few recognised and explained the difference between navigational and commercial delay.

Candidates also failed to identify the term "1-2SB Ningbo, China" as a berth charter; therefore, they did not advise the Owners when the vessel is an "arrived ship" under a berth charter and failed to recognise the limited application of "WIBON" in a berth charter. Despite some answers being well argued, the wrong decision was given.