



ICS Examiner's Report

DRY CARGO CHARTERING 2012

Overall Comments

Candidates have a much better understanding of the basis for the course, that is to be able to recognize a bulk carrier, know the commodities it carries and the trade routes it travels and how to charter a ship. There were few candidates who attempted the questions away from the main core, but those that did earned some very good marks.

Question 1

A popular question which was answered well except by those candidates that just regurgitated everything they knew about Bills of Lading. A pass question had to have the three main functions i.e. receipt for cargo, evidence of contract and document of title, with some comment on each. The second part of the question was designed to test the understanding of letter of indemnity and the difference between using that when a Bill of Lading is not available and when they are used in place of clean Bills (fraud). Pass answers had to at least mention LOI, more advanced answers mentioned who draws it up, who holds it and how it is exchanged. Distinction answers were in the form of a well written essay that expanded on part 2.

Question 2

Another popular question although not all candidates attempted to draft a clause (a requirement to pass the question) and some failed to read the question properly where it said 'explain **three** out of four'. Distinction answers would have drafted three clauses and got all the main points as follows:

NOR: Notice of Readiness –most importantly starts laytime – too many candidates failed to mention this. Vessel must be an arrived ship and NOR must be tendered as per the contract.

Interruptions: once laytime has commenced, unless cargo handling equipment breaks down, it will continue unhindered until completion of cargo operations, or until laytime expires or demurrage commences, contracts frequently include express clauses interrupting LT in the event of: weekends & holidays - explanation of shinc and shex, shifting between berths, bad weather – mention of weather working days, strikes and breakdowns.

Demurrage and despatch: demurrage = all permitted laytime used before completion of cargo operations, address and brokerage usually deducted; once laytime used, demurrage usually runs continuously unless the contract states otherwise; despatch = vessel completes cargo operations within available laytime.

Reversible: allowance for both loading and discharging ports are added and calculated together, 'all purposes' or 'total' days, 'saved' laytime at load port carried forward.

Question 3

Candidates must learn to read the question, which clearly stated 'explain to your owner' – a letter style was therefore expected. Pass answers had to discuss the financial responsibilities of an owner and a charterer under different c/p, owners to provide items and the differences in freight payment. Additional marks were given for mentioning redelivery bunker survey, protective clauses and off-hire. Distinction essays were a well constructed argument on the pros and cons of each type of charter, explaining fully the differences between them.

Question 4

This question was designed to test candidates' knowledge of the main features of a plan. The minimum requirement was an attempt at both the profile and midship section. Regrettably there are still too many un-annotated diagrams submitted, that are too small and very untidy- a pencil and a ruler makes a lot of difference as additional marks were available for accuracy and clarity.

The second part of the question was designed to test candidates' knowledge of a standard ship and should have included all the relevant terms: dwt, draft, flag, built, ho/ha, cubic capacity, spd & cons, gear. It did not ask for a timecharter offer, only the description. Extra marks were available for realistic dimensions – ie numbers that could be associated with a real bulk carrier.

Question 5

Again a popular question but unfortunately too many candidates were let down by the quality of their voyage estimate. Candidates should understand they are sitting an exam that is not about getting the calculation 'correct' but about demonstrating they understand how to do it. So an 'estimate' that was just a series of numbers with 'equals so many \$ per day' at the end did not necessarily pass.

To pass, the offer first had to include all main elements: charterer, name & description vsl, time and place for reply, cargo description size and margin, rate, load / discharge, laycan, laytime terms, demurrage/despatch, % brokerage, subject c/p. The estimate had to include the main points to reach an answer – i.e. the workings for how to calculate sea and port time, gross and net profit etc. The examiner was not expected to do the calculation. Additional marks were available if the offer was expanded beyond the basic and the estimate showed all workings.

Distinction answers had the offer and estimate laid out neatly and in logical order.

Question 6

Not a particularly popular question, although where attempted it was often done well. Firstly candidates must demonstrate they understand what is meant by a timecharter. They were then expected to list and describe the various conditions as per Cl 15 in Asbatime (for example) and must have made reference to whether or not they are frequent or likely. Distinction answers would attempt to construct (or reproduce) a suitable off-hire clause

Question 7

This was a less popular question with those candidates answering it either getting very poor or very good marks – there were few who scored around the pass borderline. The question was designed to test candidates' knowledge of the latest market conditions and practices. Answer should have been in the form of a letter. A basic discussion on forward movements, hedging, trade routes, brokers involved, reasons for the principal to participate was expected, with extra marks for attempting a graph(s) and descriptions of trade routes with sensible values.

Question 8

A relatively popular question as it covers a basic part of the course; maritime geography and commodities. It was therefore regrettable that (as last year) too many candidates failed to read the question properly. A pass answer had to *describe* at least two trade routes – not just draw them on the map or make a list of major exporters and importers. It is not about remembering what is written in a book, but being able to explain the important trade flows of these commodities. Too many candidates listed a series of countries and then also failed to describe in any detail the main characteristics and hazards for each commodity. Additional marks were available for trade route descriptions that expanded 'US Gulf to Japan' (for example) by describing weather and geography and also for the expansion of hazards and stowage requirements. Distinction answers included a well annotated map – including ports – with a well written essay.