



## EXAMINER'S REPORT

JULY 2020

### DRY CARGO CHARTERING

#### General Comments

This report, on the fundamental subject for a dry cargo broker, 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, a message and an essay.
- Know how to clearly draw a profile and a cross section of a basic dry bulk cargo vessel, label all relevant parts and state dimensions.
- 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.

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

**1. Voyage and time charters are the most common methods of employment for a dry cargo Bulk Carrier. Discuss the similarities and differences between these two methods of employment, give two examples of charter parties used in each one and state three terms which can be found in both voyage and time charter parties.**

The great majority of candidates did well on the differences with the only exception being 'voyage instructions', which was mentioned by very few. The similarities were poorly explained in most of the answers, some did not refer to similarities at all. Many of the answers mentioned an incorrect example of C/P for VC and TC or mentioned only one or none at all for each type of employment.

**2. Answer BOTH parts of the question**

**a. Describe how shipowners are remunerated for the service provided by their vessels under bareboat charters, time charters and voyage charters.**

**b. What information would you expect to be included in a firm offer for remuneration under a voyage charter. Draft a relevant section of an offer showing just these points**

Many candidates attempted this question, but the level of knowledge was not as expected.

- a. Important points were omitted such as explanations of Bareboat remuneration, deductions of commission and agreed expenses, when hire or freight is payable, as well as the fact that freight can be also calculated p/bm or lumpsum etc.
- b. Many candidates thought they should write out a complete offer and missing vital elements of the freight payable and how determined. The question asked for the relevant section of a Voyage CP for remuneration only.

**3. Explain what is meant by the term Lien with particular regard to a voyage charter. When might a shipowner have to resort to this and what arrangements/precautions should the owner take?**

This was a poorly attempted question with the lowest pass rate of the examinations. This was a practical question and is an important element of Owners rights under a voyage charter party. Those that did answer mentioned that lien is found only in Voyage Charters and is exercised only for unpaid freight. Limited detail on arrangements/precautions to be taken by the ship owner was given by the great majority of answers.

**4. Your principal is interested in buying a series of five-year old Capesize vessels that have just become available for purchase. In your capacity as exclusive broker for the shipowner, write a detailed report on what action should be taken, specifically explaining future prospects for this tonnage.**

Not many candidates answered this question and most did not write a report. The knowledge of the market and any future prospects was minimal. Supply and demand was expected and a reasonable attempt to explain their thoughts on the future market. Little mention of alternative suggestions. Even the basics of trade for these vessels were not explained.

**5. Explain the differences between the use of a contract of affreightment and contracts for consecutive voyages for shipping a total quantity of cargo for a single charterer over a period of at least one year.**

**Which types of contract would be most suitable for such shipments?**

Over half the candidates attempted this question and many succeeded in giving sufficient detail on the differences. There was a lack of giving actual examples of the types of contracts. A CoA allows for the shipment of cargoes in different ships and could cover a defined period of time or possibly a defined total tonnage. The shipowner has the option to use any suitable vessel for the cargoes as and when they are declared by the charterer or shipper. A suitable contract would be GENCOA or VOLCOA. Consecutive voyages involve a named ship performing a number of voyages in succession. Usually any suitable voyage charter party may be used.

**6. Select two of the following commodities:**

- a) Timber
- b) Grain
- c) Fertilisers.
- d) Iron Ore

Using the world map provided to illustrate your answer, describe two trade routes of your chosen commodities as well as the hazards and characteristics of the goods. Commencing with the load ports, describe fully the cargo handling, stowage factor and stowage conditions, then the hazards and cargo care on the route completing with the discharging methods for the destination port.

*A popular question as it one of the questions that comes up frequently with the different types of*

*commodities. The question states for two routes for each commodity and many did not do this or give the conditions on the route. Very few candidates explained the weather hazards to the expected standards. About one third of the answers did not include map illustrations of the routes in any form. Several candidates focussed on explaining the characteristics of the commodities, their stowage and carriage requirements and the cargo hazards, without explaining the routes. The maps are invariably extremely poor in detail. Candidates must read the general comments at the beginning of this report.*

## **7. Answer all three parts**

**Using the graph paper and the world map provided**

- a. Draw a fully labelled profile and fully labelled cross section for a bulk carrier type of your choice.**
- b. You should include the principal particulars and specifications of the vessel you have drawn.**
- c. Give a thorough description of one principal trade route from loading to final discharge of the type of cargo carried. Also give details of hazards and weather conditions for this route.**

This question was answered by almost all candidates and it was the question with the highest percentage of pass mark. Unfortunately, still almost half of the candidate's drawings are not of the expected standards. Use of the graph paper, as requested in the question, would assist in presenting a clear drawing. The specifications normally are reasonable, but this does show those who do not know the details of their own choice of vessel. The majority of the candidates failed to explain the routes as expected, in particular with regards to weather hazards. There is consistency in that the world map is hardly used and any detail is minimal. The examiners do not expect just a line from a country to country. This element is to show that the candidates have some knowledge of maritime geography.

## **8. Explain all FOUR acronyms and their use and significance in Chartering contracts.**

- a) AAAA**
- b) DLOSP**
- c) FIOS**
- d) Liner in/Liner out**

*This question gave four very common dry cargo brokering terms with many attempting to answer. But this question had the second lowest pass rate of all the questions. The main reason was that very few candidates answered correctly all four acronyms with Liner in/Liner being the least attempted. There were very few that gave a resemblance of a correct definition for this voyage term. Incidentally, AAAA is not that the vessel is always accessible for stevedores and port officials!*

It has to be reiterated that candidates must read and answer the question as given and to ensure all parts, if any, are answered. Many failed for missing essential elements of the question.