



# INTRODUCTION TO SHIPPING

**Lead Examiner report:** Leif Ollivierre

## **General comments:**

The July 2020 paper was a comprehensive examination paper encompassing the key aspects of the Introduction to shipping syllabus.

Overall there was a solid attempt by most students. I must commend students for the significant improvement in time management demonstrated. This meant many more students did well in completing all five required questions and thus fewer borderline fails. There was a major improvement in the structure of answers with a clear introduction, main body and conclusion. Unfortunately, there is still a need for students to improve their hand writing and to correctly read and understand the questions asked. Labelling of charts, graphs and diagrams needs to improve, this would allow students to gain easy points which are not being achieved at the moment. Generally, the session was a very good performance given the difficulties and challenges faced due to the Cov-19 pandemic. I applaud the entire student and staff of the ICS globally for making this session a wonderful success. Be safe, be positive.

## **Question 1:**

**Explain the role of a sale and purchase broker and what are their main duties and responsibilities.**

What was being looked for by the examiner.

This was a very popular question. Most students were able to cover most of the basic elements. Not many students discussed ethics or the need to give full disclosure of the vessel that was being offered for sale. Also, very few students discussed the need of ship sale and purchase brokers to give advice to their clients through the use of surveyors reports or drydocking. Giving examples of the standard form S&P contracts being used would have been useful also.

**Question 2:**

**Define and explain FOUR of the following shipping terms.**

- a. ISM**
- b. ISPS**
- c. SOLAS**
- d. Hague-Visby Rules**
- e. Hamburg Rules**
- f. Rotterdam Rules**

What was being looked for by the examiner.

This was another popular question requiring clear definitions and is aimed at assessing students ability to define and discuss key terms. Unfortunately, many students made simple errors and inaccuracies. Many students did the definition element but did not cover the discussion element. For SOLAS for example students were expected to discuss that Flag States are responsible for ensuring that ships under their flag comply with its requirements, and a number of certificates are prescribed in the Convention as proof that this has been done.

**Question 3:**

**Identify the main differences and division of cost and responsibilities between voyage and time charter parties.**

What was being looked for by the examiner.

This was one of the most popular questions. Many students included the points regarding bunker, crewing cost and insurance. But few students identified the fundamental differences, such as under a voyage charter it states cargo to be carried but under a time charter states time to be used. Students did not discussed the implication of dead freight on the voyage charter. Those who drew a table showing the comparison did well in covering the elements very well.

**Question 4:**

**Answer Both parts of the Question:**

- a) Explain the factors of production**
- b) Discuss comparative advantage and give an example of each**

What was being looked for by the examiner

The question focused on the factors of production with the majority of students being able to list and discuss part (a) well. Unfortunately, some errors were made regarding the definition and discussion on comparative advantage. Students are expected to discuss that comparative advantage refers to the differences in opportunity costs amongst countries specialise in producing goods which results in trade between different countries who have differing comparative advantages.

**Question 5:**

**Discuss the reasons why a ship owner may choose to appoint a third-party ship management company?**

What was being looked for by the examiner

This was the most popular question but many scored poorly. Several students failed to identify the different departments and the qualifications needed in each department. For a comprehensive answer students were expected to cover some advantages such as close control, cost savings and good transparency. Disadvantages such as over time it may be uneconomical, too much diversification and loss of core competencies would have been excellent.

**Question 6:**

**Answer BOTH parts of the question:**

- a. Describe FOUR types of containers available to a shipper, giving their principal dimensions, and the type of cargo that each would be used for.**
- b. Using the world map provided identify two load ports and two discharge ports commonly used for a container trade and draw the trade route.**

What was being looked for by the examiner

This was not a popular question. Many students did not state the basic dimensions of a container or the allowed payload. Many who stated the dimensions were incorrect. Most students did not discuss the actual construction of each type of container, and many students did not state the type of cargo that each type of container could be used for. Some students did get the trade route element correct. Overall this was a straight forward question but it was poorly attempted.

**Question 7:**

**Answer BOTH parts of the question:**

- a. Using the world map provided, choose a major bulk cargo of your choice, describe a route that incorporates canal(s) and/or seaway(s) and/or waterway(s) from a major load port to a major discharge port for this cargo.**
- b. Explain the reason for the dimension and deadweight restrictions leading to the choice of the ship size chosen.**

What was being looked for by the examiner

This was also an unpopular question. Those that did answer it often omitted many of the seas and waterways on the route they had selected, or even gave the wrong route. Some answers showed the wrong cargo or the wrong loading port, which meant the route were also wrong.

**Question 8:**

**Discuss the facilities and services that a port needs to provide to be competitive, and to cater for the maximum share of a country's trade.**

What was being looked for by the examiner

This was supposed to be another straightforward and easy question. Many students were able to identify a major port which was a good start. But many did not cover areas such as safety, technology and infrastructure. Many omitted any discussion around navigation marks, tugs and other craft, the need for a competitive tariff, the need for strong management and a reliable workforce. The few top students covered the value added aspects in ports as they are being further integrated into the global supply chain.