

# Examiner's Report

## May 2023

### DRY CARGO CHARTERING

#### General Comments

This report, on the fundamental subject for a dry cargo chartering professional, 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 examiners are seeking in the answers. Reading the past reports of the examiners in DCC and some other subjects mean that the candidate should gain some familiarity with the exam and what is required to pass.

On the Answer Booklet, Instruction 3 states to "Begin each question on a new page". Instruction 5 asks for the candidates to write the number of each question in specified boxes.

In the question paper some questions state "write a report/letter" or "draft a message" to a particular person/company. Marks allocated for obeying this very simple instruction are being unnecessarily lost, a difference between pass/fail.

The basic requirement of every candidate is to

- **Read and answer the question as given** and to ensure **all** parts, if any, are answered. Comply with the instructions.
- Answer **five** questions only, (any more will not be marked).
- Know the difference between a report and email correspondence, i.e. a message.  
Know how to clearly draw a **profile** and a **cross section** of any cargo vessel that carries dry bulk cargo, (not in containers), label all relevant parts and state the dimensions for this **particular vessel**, not a range of specifications.
- Have a reasonable knowledge of Maritime Geography and be able to explain trade routes for the subject. Shipping is global business and knowledge of the world is paramount.
- The map should always show relevant ports, (in the correct location), routes and geographical features on that route such as ocean, seas, countries, capes, canals, straits and special areas affected by weather, currents or hazards.

The candidates should show their knowledge and understanding of the subject in an ordered structured answer, as requested and not just give a bullet list of relevant points.

#### Question 1

**A potential new shipowner has asked you to explain what is meant by the term 'minor bulks. Draft a letter to the client explaining the term and give three examples of minor bulks and any particular issues and precautions related to**

**their shipment. Using the World Map provided, describe a typical route for each minor bulk naming ports and other geographic features.**

For a Dry Cargo Chartering question this particular bulk question had less than 50% of the candidates attempting an answer. It was surprising that some candidates did not know the difference between major and minor bulks, nor were able to state the type of vessels that carry minor bulks.

The examiners were looking for a good definition of the term 'minor bulks'. The minor bulks are cargoes which are normally carried in smaller and more versatile bulk carriers and not normally transported by the same ships as iron ore, coal and grains which are 'major bulks'. i.e. minor bulks are all bulk cargoes other than the three major bulks.

Examples of Minor Bulks are: fertilizers, steels, sugars, cement, agricultural products, petroleum coke, scrap, timber and lumber.

## **Question 2**

**You have been advised by the master of a gearless vessel, fixed under a clean Gencon 1994 charter party on FIO terms, has had one of its hatch covers damaged by stevedores dropping a grab on the closed hatch cover when loading the adjacent hold. The master has not been able to obtain an admission of liability from the stevedore. As charterer's broker draft a message explaining what the consequences could be for your principal and where this is detailed in the charter party**

A question which gives a real practical scenario from which there are correct procedures to follow. The answer is to be in a message format from the broker to their principle. Firstly, knowledge of the Gencon 1994 charter party is expected as the scenario is covered by clause 5C of the 1994 Gencon C/P. The fact that the cargo is on FIO terms means the charterer is responsible for stevedoring and therefore, for any damage caused by them. The master has done as required advising the charter through the broker and even though the stevedore has not yet accepted liability that does not alter the facts.

A survey should be arranged to determine the extent of the damage and because hatch cover damage is involved this could impact the classification and seaworthiness of the vessel. If it is determined that seaworthiness is affected then the damage has to be repaired to the satisfaction of the classification society before the vessel is able to sail from the port. If the repairs can be deferred, then the vessel will be able to continue on voyage immediately and the repairs completed at a later date.

Regardless of which alternative, the charterer will be responsible for the cost and time lost with the latter being set at the same rate as demurrage.

Many candidates were not aware of the clause and others failed to mention the consequences of the vessel not being sea-worthy.

### Question 3

**Your principal is interested in buying a series of five-year old Capesize vessels that have just become available for purchase. Write a detailed report on the current market conditions and future trends. Include your recommendations for what action should be taken in view of your report.**

This question is about the current dry bulk market, of which every candidate should be aware. The answer should be written in a report format with a proper introduction and address and a sign-off.

The examiners require a full assessment of the current dry bulk market, including supply, demand, freight rates, newbuilds backlog and the effect on the Capesize sector of the dry bulk fleet. A detailed review of factors that will affect this tonnage's future trading prospects, taking into account their age, changing trading patterns, manufacturing and purchasing trends when it comes to buying bulk cargo is required.

### Question 4

**Your Principal (the Owner) is seeking advice from you as broker, for one of their vessels which arrived at the discharging port, but the original Bills of Lading are not available. Write a message to your principal explaining the main functions of the B/L and the steps, which an Owner can and should take under these circumstances.**

The answer must be in a form of a message

Firstly, the candidate must give an explanation of B/L functions. i.e. Receipt, Evidence of contract of carriage and Document of title.

Then there is the advice to the Owner: A description of the procedure of delivering the cargo to the holder of the B/L at discharging port. There should be mentioned that cargo should only be delivered to a consignee who can produce an original Bills of Lading. An explanation of the steps which an owner should take in case the original Bs/L are not available prior commencement of discharging is required. Clearly demonstrating an understanding of Letters of Indemnity and the difference between a) using for B/L which is not available and b) when they are used in exchange for a pre-dated B/L (fraud). There should be a clear description of who draws up the LOI, who holds it and how and when it is exchanged.

Signing off the message to owners 'as brokers/as agents only'.

### Question 5

**Answer both parts of the question.**

**A: Neo or New-Panamax tonnage is increasing in importance in the dry bulk trades. Using the graph paper provided draw a fully labelled profile and cross-**

**sectional diagrams of this class of ship. Then list the main technical parameters for the ship you have drawn.**

**B: Describe the main features of the ship and the cargoes it would carry and then describe one typical trade route for one of the cargoes identified, detailing loading and discharging ports, voyage conditions and any hazards associated with cargo being transported.**

**Use the world map provided to support your answer.**

This question states “using the graph paper provided..”

Part A) This question was for the candidates to show their knowledge of the dimensions of the new locks, (opened 2016), in the Panama Canal and for the largest size vessels that could now transit the canal. Therefore, ships drawn of old panamax size of length (250m) and beam (32.2m) were not required.

Part B) was to seek the candidate’s knowledge of cargoes that could be carried in these larger vessels and a trade route hopefully, as this a question on the lock sizes on the Panama Canal, the trade route would be through the Canal although marks were not lost if this was not the case.

## **Question 6**

**Answer both parts of the question.**

- A. Describe fully the role of a shipbroker when it comes to negotiating charters.**
- B. Explain the significance of “warranty of authority” and define potential breaches of this clause.**

This was not a popular question which is surprising with respect to the subject.

- A. The full role of the broker in the negotiating process must be clearly explained plus the requirement to demonstrate a full understanding of the necessity to indicate a source of authority when negotiating a charter and the requirement to insert “as agents only”. The answer must address issues which include:
  - Outlining cargo and the most appropriate vessel to carry the cargo
  - Administrative responsibilities up to conclusion of the charter contract
  - Value-added consultancy/advisory services
  
- B. The answer should address the legal aspects of being a broker and include the following:  
Requirement to indicate a source of authority. Need to insert “as agents only”,  
Breaches with or without negligence and Third-Party liability insurance.

## Question 7

Answer both parts of the question

- A. The Baltic Dry Index is reported daily by the Baltic Exchange in London. Explain the Baltic Dry Index and how it is compiled.
- B. In early February 2023 the Cape 5TC average fell from \$4,400 to \$2,200, As a Capesize owner's broker, write a brief report to your principal stating your view why this had happened.

This is a question on a subject that every candidate should be aware along with the state of the DC market.

- A. The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea. The index is a composite of three sub-indices that measure different sizes of dry bulk carriers: Capesize, which typically transport iron ore or coal cargoes of about 150,000 tonnes; Panamax, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes; and Supramax, with a carrying capacity between 48,000 and 60,000 tonnes. BCI, BPI and BSI are for specific sizes within this category and this should be mentioned ie Supramax is for 58328 DWT 'Tees58' type. The Baltic Dry Index takes into account 23 different shipping routes carrying coal, iron ore, grains and many other commodities.
- B. The decrease was the result of lack of fixtures due lack of cargoes available. Some owners may have considered idling tonnage to wait out for a recovery. There was little activity in the Atlantic due to weather conditions as well. But some forward fixtures look as if there could be an upturn by the end of March.

Therefore, a realistic report, set out correctly, with any scenario to show an understanding of the rise and fall off the market and the indices was expected.

## Question 8

Prepare a Time Sheet Statement based on the below given information, and calculate Demurrage/Despatch:

The MV 'ICS' arrived at the discharging port on Sunday 14/5/23 and tender NOR at 1600 hrs, for discharging 30,000 Mts of steel products. NOR was accepted same date at 1900 hrs. Vessel was granted Free Pratique and Customs Cleared on Sunday 14/5/23 1900 hrs.

Vessel was shifted to the berth for discharging on Monday 15/5/23 0630 hrs and discharging commenced on Monday 15/5/23 1000 hrs.

Actual Working periods: 15/5/23 Mon 1000-1300 / 1400-1800 / 2000-2400  
16/5/23 Tue 0800-1300 / 1400-1800 / 2000-2400

17/5/23 Wed 0800-1300 / 1400-1800 / 2000-2400  
18/5/23 Thu 0800-1300 / 1400-1500 / 2000-2400  
19/5/23 Fri 0800-1300 / 1400-1700  
20/5/23 Sat 1400-2100

**Non-working periods:**

- Port meal breaks: Monday to Friday from 1300-1400 hrs and from 1800-2000 hrs.
- Rain periods: Tuesday 16/5/23 0100-0300 hrs, Wednesday 17/5/23 1500-1800 hrs and Friday 2100-2300 hrs.
- Breakdown of vessel's crane No.1 & 3 on Tuesday 16/5/23 1000-1600 hrs.
- Shifting between two berths on Thursday 18/5/23 0930-1030 hrs.
- No discharging due to lack of trucks: Thursday 18/5/23 1500-1800 hrs

Discharging completed on Saturday 20/5/23 2100 hrs and vessel sailed on Saturday 20/5/23 2300 hrs.

**The following C/P terms to apply:**

Discharging rate: 10,000 Mts pwwd of 24 consecutive hours SSHEX. Time from Friday 1700 hours until Monday 0800 hrs not to count even if used.

Cargo to be discharged with vessel's cranes with 4 gangs. Vessel has four cranes serving all four holds.

NOR to be tendered only within official working hours being Monday to Friday 0800-1800 hrs. Time to count 1400 hrs same day if NOR is tendered before or at 1200 hrs, and 0800 next working day if NOR is tendered after 1200 hrs.

Time used before commencement not to count.

Shifting from the anchorage to the first discharging berth not to count as Laytime. Shifting between two berths to be for Charterers' time and expense.

Demurrage: usd 14000 pdpr / fd bends

Once on Demurrage always on Demurrage to apply

This question is a typical real-life scenario of calculating Demurrage or despatch.

**ANSWER (TIME SHEET)**

M/V 'ICS'

**TIME SHEET CALCULATION AT DISCHARGING**

Vessel arrived	14/05/23 16:00
NOR tendered	14/05/23 16:00
Time start counting	15/05/23 14:00
Discharging commenced	15/05/23 10:00
Discharging completed	20/05/23 21:00

Cargo quantity 30000 MTS STEEL PRODUCTS  
 Discharging Rate 10000 MTS PWWD SSHEX FRI1700/MON0800 EIU  
 Time allowed for Discharging 3 DAYS

15/05/23	MON	14:00- 24:00	--	10	-	
16/05/23	TUE	00:00- 01:00 01:00- 03:00 03:00- 10:00 10:00- 16:00 16:00- 24:00	-- -- -- -- -- -- -- -- --	1 - - 7 3 8 - -	- - - - - - - - -	NTC – RAIN  TC HALF – CRANE NO.1&3 BREAKDOWN
17/05/23	WED	00:00- 15:00 15:00- 18:00 18:00- 24:00	-- -- -- -- --	15 - 6 - -	- - - - -	NTC – RAIN
18/05/23	THU	00:00- 22:00 20:00- 24:00	- - --	22 2 -	- - -	TIME EXPIRED VESSEL ON DEMURRAGE
19/05/23	FRI	00:00- 24:00	1	--	-	VESSEL ON DEMURRAGE
20/05/23	SAT	00:00- 21:00	- -	21	-	VESSEL ON DEMURRAGE

TIME USED FOR DISCHARGING 4D 23H

TOTAL TIME USED FOR DISCHARGING: 4 DAYS 23 HRS

TIME ALLOWED FOR DISCHARGING: 3 DAYS

TIME USED IN EXCESS: 1 DAY 23 HRS

DEMURRAGE: 1.9583333 D \* USD 14000 PDPR = USD 27,416.67