

General comment

The Dry Cargo Chartering exam has for a number of years been attempted by students who have little knowledge of the core elements namely; the ability to recognise a bulk carrier, to describe the commodities those vessels carry and the routes they trade, the use and functions of the bill of lading and the trading mechanism used to hire a ship or cargo space.

This year there was a definite improvement in the standard of papers, for which students should be commended. That said it should be remembered that this is an opportunity for students to demonstrate their understanding of the subject, not their ability to memorise lists, which is still happening.

That said there were a number of very well answered papers and I congratulate those students on their understanding and ability to communicate the same. For those that failed, I hope the below report will point them in the right direction for their studies for next year.

While some of the disappointing results were attributable to students rushing the last two questions because of time pressures and/or not answering the five that they were asked to do, the main reasons were:

Failure to address the question

Failure to include key information in the answer

Lack of knowledge/understanding of the dry cargo market

Question One

This was not a very popular question, possibly because candidates were put-off by its open-ended nature and the need to expand on their views on the market, its behaviour and the risks and opportunities associated with investing in it.

In order to pass, candidates were required to show an understanding of why investment companies might invest in the sector and how joint ventures operate. There were extra marks for a discussion of shipping pools, and a well written essay with logical arguments.

In most cases the answers were too general with little mention of the banking crisis and the difficulties in securing loans from these institutions or the role of joint ventures, shipping pools.

Meanwhile, of those students that did answer the question, few presented it as a report (as requested) and points were lost as a consequence of this.

Question Two

This was a popular question but was rarely answered well. In order to pass the answer should have been in the form of a message as requested. It also needed to make reference to the fact that agreeing to the request would be fraud (technical or otherwise).

The explanation of the functions of the bill of lading – particularly receipt and document of title – should have been in the context of the question to explain why it is fraud. There were no marks for simply stating the functions without demonstrating any understanding.

The explanation of receipt should have included quantity and description of cargo loaded and a sensible suggestion of why the request is being made should be included.

There were extra marks for discussing that the problems of agreeing would include; owners would be open to claim if not as per "receipt", the affects on insurance, no P&I cover and the non enforceability of the letter of indemnity.

Sensible ideas for protection or ways around the request in excess of simply "Don't do it" received additional mark, as did a good quality message and explanation.

Unfortunately in a lot of cases, the message format demanded was not followed and a number of students just wrote an essay on bills of lading. Both of these lost marks as a consequence.

Question Three

Another popular question, however the fact that it was in two parts – and both had to be attempted – was missed by some candidates.

In order to pass, answers had to include all the main terms of a timecharter offer, particularly speed and consumption, hire rate, delivery point and bunkers on redelivery, as well as the correct explanation of three terms. There were extra marks for extra elements in the offer, neatness of the offer and a good explanation of terms with examples.

Unfortunately a number of students gave a detailed offer but forgot a main term, or did not answer the second part. Those that did often gave very basic definitions with little elaboration.

Question Four

In order to pass the question a profile and cross section had to be sketched with all relevant features labelled. The second part of the question concerned trade routes and in order to pass two had to be described at least in basic detail eg loading A discharging B. There were additional marks for realistic dimensions and detailed description of routes

Again it was a popular question, that a number of candidates failed to pass because they did not do as requested – that is describe the trade routes. Although there were some very good diagrams, they were often in answers where routes were not described at all or only in very basic detail, so points were missed. Equally there were a number of cases that described cargoes and routes that were not appropriate for the vessel class chosen.

Question Five

In order to pass candidates needed to detail the main differences between the two forms of charter, for example management, crewing, insurance. They should also have discussed the owner's different responsibilities under each charter. There were extra marks for the discussion of control and the financial implications of voyage charters. There were also extra marks for a well written essay with clear analysis.

It was this last point that lost candidates the most marks as there was rarely a good essay or discussion delivered, despite the question specifically demanding this. Far too many candidates simply listed the differences between the charters, with only a very brief description of some of them and few discussed bareboat charters.

There was also a lot of confusion around the division of responsibility of the owner in terms of finance, crewing and insurance.

Question Six

This question was very specific about exactly what it wanted candidates to write about. Unfortunately a number of candidates failed to answer the specifics, in particular the request to describe trade routes.

In order to pass candidates had to include two trade route descriptions per commodity. That means a description, for example in basic form: loading Colombia, transatlantic crossing to discharge Rotterdam, not just lines on a map or a list of countries/ports. They also needed to have at least one comment per commodity on stowage, carriage, hazards and cargo characteristics.

There were further marks for extra comments on stowage, carriage and hazards and for discussing weather patterns around routing. There were further marks for a well annotated map but only if the basic description had been included in the essay.

Regrettably, as in previous years, students still do not understand the use of the word *describe* in the question. It does *not* mean draw or list. Although most students used the map, the neatness and location of ports varied enormously.

Question Seven

For those candidates who attempted the laytime statement question, the majority passed it. On the whole the statements were good but lay outs varied enormously with some being neatly laid out and easy to follow and others not being transparent and the calculations, therefore difficult to verify. In several cases the terms and clauses in laytime statements were not adequately defined and described and students lost marks as a consequence.

A pass answer had to set out all the main components of a Laytime statement (vsl arrived, nor tendered, loading/discharge commenced and completed, time to count from, laytime allowed, time worked, laytime used, time saved) in a format that could be seen to arrive at a calculation for demurrage / despatch.

Additional marks were available for clearly explaining all the main terms: for example statement of facts, time used, duration of laytime, all purposes, commencement, NOR, turn time, interruptions, demurrage/despatch etc.

Distinction answers were the ones that were clear about laytime starting at anchor, shifting not counting and had a clear demurrage calculation.

Question Eight

This was not a popular question and regrettably, where it was attempted, few made a good answer. The main problem was that candidates concentrated on the present situation, with little if any discussion on the outlook.

In order to pass candidates were correct to discuss current market situation including tonnage availability and cargo demand but they also had to discuss the supply and demand forecast and make a sensible argument from these predictions.

Additional marks were there for a discussion of the orderbook and the use of sensible data rather than completely imaginary. There were also marks for logic, understanding of market forces and good layout.