



# ICS Examiners Report

## Liner Trades May 2024

Whilst the Liner Trades syllabus does look for what can be classed as textbook style questions, which are important such as documentary aspects and equipment; the industry is developing in such a way that students cannot ignore the changing landscape and trade and market knowledge, pricing and geopolitical events which impact the industry. This is often the area where, if not covered, it can be the difference between a pass or fail. We would urge students to revise for these developments as good knowledge of these can often gain extra marks.

**Q1. Explain how Vessel Sharing Agreements [VSA], Alliances and Slot Charter Agreements [SCA] work and highlight the differences between them. Discuss which way these arrangements are likely to develop over coming years.**

This was a two-part question requiring firstly a good summary of each of the three structures with reference to their differences. There were some good summaries for both VSA and Alliances, but many students did not have a good grasp of SCA agreements which in today's world only work when the two parties have something to offer. For example, carrier [a] slots charters from carrier [b] in trades where each party gains from the other weaknesses. They are not arrangements that work for the purchasing carrier [high-cost low flexibility]

Good narrative was required for the second part which had no fixed answer given the uncertainty. Some good ideas and the important ones surrounded Ocean Alliance recently concluding until 2032 and the announcement of Gemini [MSK/HPL wef Jan 2025] leaving MSC to run independent and changes for the remaining THEA carriers. Alliances mainly in East West trades but VSA in smaller trades may stay the same but it is possible we will see an increase in co-operation between Alliances where they have weak spots in deployment although Ocean Alliance are now very strong. This is an open area and does require students to be up to date with evolving changes in this area.

**Q2. Answer ALL parts of the question.**

**Describe as fully as possible the characteristics including dimensions, tonnages, of ONE of the following vessels.**

- a) Pure Car Carrier [PCC] or 8000-9000 Teu Containership**
- b) Draw a profile and cross section of the vessel.**
- c) Label the significant parts of the vessel.**
- d) Give details of one trade the vessel operates in, where it will load carry and discharge its cargo.**

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

As always this is a question if answered well can secure good marks and yet is often poorly answered. A good drawing of the selected vessel is required including clear lines and measurements and vessel specs [this is important take time] and importantly to add to marks the trade routes for vessels are usually extensive for all class of vessels. -  
- PCC or RoRo vessels trade in several key lanes but notably those with predominantly key car production routes from manufacturing centres whilst:  
- 8000-9000 teu vessels - are cascade units from Asia – Europe trade and now trading on a whole range of trades [Asia – WAF/SAF/ECSA]. On North Atlantic and Asia – USWC/USEC etc.

**Q3. Containers are either owned or leased equipment. Explain the advantages and disadvantages of both for the carrier and the types of leasing agreement that are available.**

**Describe the key features of the following equipment and cargo carried.**

**A] – Tank Containers**

**B] – Open Top Containers**

**C] – High Cube Containers**

**D] – Flat Rack Containers**

One of the rote style questions students answered well although often marks lost for mistakes such a matching the wrong cargo type etc.

The key areas are owning cheaper in long run, operators design and control of M&R. finance costs and disposal vs. demand whilst leasing allows flexing of fleet, capital financing reduced, M&R lessor and type of contracts. Financial penalties etc. Types of leases - short term Lease, Long Term Lease, Master Lease.

The key features and cargo is worth good marks some students did not spend enough time in this area and too long on owning and leasing.

**Q4. Choose any TWO of the following cargoes and identify at least ONE major trade routes on which they are shipped including the main loading and discharging ports.**

**i] FMCG**

**ii] Bananas**

**iii] Hides and Skins**

**iv] Frozen Fish**

**v] Soya Beans**

**vi] Scrap Metal**

**Explain the types of containers needed and any special requirements and/or precautions taken for the protection of the cargo.**

This is always a popular question and its also important given the diverse number of commodities moving in liner trades and the care required when transporting them. The question allows candidates to present a good knowledge of specific commodities moving on several trade lanes. Overall, this was quite well answered but some strange trade/routes and commodities were picked sometimes

FMCG [Fast Moving Consumer Goods]– Often Asia outbound to all markets using mainly 40ft HC. A wide variety of products to pick from which need 40ft HC being volume cargo.

Bananas – This is a climacteric fruit shipped from humid topical areas such as South America, Central America, Africa, Philippines, and Caribbean to consumer areas such as North America and Europe. They are a high-volume cargo and are shipped in 40ft HC refrigerated containers. Often require controlled atmosphere technology due to short shelf life. Largest fresh fruit reefer cargo globally by volume.

Hides and Skins – South Hemisphere usually from markets like Australia, New Zealand, South Africa, Brazil, Argentina, and France. Main importers Thailand, China, India, Italy. Shipped in drums, loose wet hides, and dry hides. Container floors need lining with sawdust or protection like polyethylene. Use 20ft and 40ft dry vans.

Frozen Fish - Uses 20ft and 40ft refrigerated containers and is a large trade globally moving all kinds of products into various fish markets. Big exports in most countries serving big fish markets like Spain/Portugal, Japan, USA, and Thailand. Often fish such as squid is landed from one country to another, processed, and shipped on. Usually, hard frozen and needs to be at lower temps minus 18 deg C or less. Mention super freezers for tuna etc.

Soya Beans – World trade is enormous over 135 million tonnes and although a traditional bulk cargo a lot of freight is finding its way into containers. Use 20ft and 40ft GP units. Big exporters Brazil, USA, also Argentina, Paraguay etc.

Major importer China but many others. This is big trade and used for crushing into Soya Meal to produce many food products.

Scrap Metal - Scrap metal is a global trade over 110 million tonnes per annum and quite a lot of this moves in containers [20ft GP's only]. Large trade into Turkey, China, India and Vietnam from Africa, USA, Europe [USA = 25% of world trade]. Key cargo care aspects are packaging [baled vs. loose the former preferred to avoid container damage], some carriers require plywood lining for protection and care must be taken to accept registered exporters avoiding oil residue [engines] etc.

**Q5. Answer both parts of the question.**

**[A] Outline the main the differences between a Bill of lading and a Sea Waybill and explain the advantages and disadvantages of both.**

**[B] Define what a Switch Bill of Lading is and when and why is it used as well as outlining the key processes involved in its use and where this is likely to be used.**

Part [A] was well answered with the single largest difference being a normal bill of lading is a document of title to the goods. Students should clearly define this difference but also highlight pros and cons of both as a result. The Sea Waybill should be encouraged.

Part [B] Was often not so well answered with a few students completely misunderstanding its use. A switch BOL is a second bill of lading that may be issued in exchange for the first set originally issued. There are numerous reasons for this and there are high risks for fraudulent or dubious practice:

Goods resold and discharge port changed; the seller does not wish name of actual exporter to appear also the seller does not want the buyer to know country of origin so different port load. It can be used to get round quota systems. Requires coverage of insurance to protect when issuing such bills and essential the first set must be collected first. The second set should not have any info that is different from original in terms of main body of bill [cargo description etc]. An LOI is possible and trades like West Africa cotton trade is a good example where this is used into India

**Q6 - Define and comment on any four of the following abbreviations and their role within the liner industry.**

**BIMCO  
FONASBA  
IACS  
UNCTAD  
ICC  
FFA**

As expected again some very good answers. Research for such a question should be easy as each body has extensive background on their websites

**Q7 – You are the owner of a small feeder container and multipurpose port on a major trade lane with good hinterland and other smaller port connections and land available for expansion. However, you have draught and crane limitations. Suggest ways in which you could improve the ports attractiveness to capture a greater share of cargo moving on the trade and support your answer with a port plan layout diagram.**

This question was not answered by too many students and the general answers for those that did were quite varied but often poor.

As a start a good diagram of the port layout with some measurements and plans for stacking area increase etc is essential. The key area is in such a development to engage with existing port users' practitioners and potential users to devise a port master plan for growth

An investment plan for increasing berth lengths and dredging for larger capacity vessels would be required and investment plan for increasing plug points [reefer cargo] gantry cranes, reach stackers etc in the terminal. Also promoting use of port with increased stacking area to promote hub for transshipment cargo into other feeder services.

Also important to have discussions with country railway network /customs internally and over country borders to promote greater use and attractiveness of transit cargoes through the port to compete with other regional ports.

**Q8. Global containerised trade was weak with little growth in 2023 and falling rates. In 2024 there are improving signs of container cargo demand in several trades but continuing over supply of new vessels and delays caused by Panama and Suez canals. Discuss these events and how this has impacted carriers and the actions they have taken. Outline the likely longer-term supply/demand development over the next 18 months and how carriers will manage this.**

As outlined in the overall exam report, study beyond the LT textbook is essential for answering this question. This is a two-part question which requires students to outline the unexpected change in markets at the end of 2023 due to Panama draft issues followed by to an even greater extent red sea diversions. This resulted in recovery in rates in many markets despite over supply which was soaked up by Cape of Good Hope diversions. Also unexpected was good global trade growth from late 2023 coupled with supply [vessels capacity] beaten removed due to diversions. Global trade growth in 2024 will be close to 5% and over 10% of global capacity is being eaten due to red sea diversions.

Looking to the future 2025 is uncertain given on going Red Sea diversions showing no signs of resolving. This might now continue into 2025 but there is ongoing delivery of new ships throughout 2025. It is possible the over-supply of new buildings will ultimately change the market demand negatively again as we enter early 2025 and if the Red Sea diversions are resolved this will accelerate over supply.

This can be summarised by students as the usual fixing methods [although oversupply potential is enormous]. Noting the orderbook for delivery 2024 and 2025 summarised as:

Mass Void sailings

String Removal and cold lay ups.

Super slow steaming [already global service speeds reduced to 13.9 knot]

Service routings via COGH to avoid Suez passage [saves 2 vessels and money] i.e. may continue structurally regardless of the red sea conflict

Significant Scrapping

CII [Carbon Intensity Indicator] impact

The general conclusion however is 2H 2025 could see a drastic swing in oversupply impacting freight rates and carrier profits