

Examiner's Report

May 2024

DRY CARGO CHARTERING

General Comments

This report, on the fundamental subject for a dry cargo 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.

It is crucial for the candidates to complying with instructions in the Question paper but also on the Answer Booklet.

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 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

Select two of the following commodities:

a) Forest Products

- b) Iron Ore
- c) Fertilisers.
- d) Coal

Using the world map to support your answer, describe one trade route for each of your chosen commodities. 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 at the destination port.

This was a popular question with Iron Ore and Coal being the main choices. Fertilisers appeared a few times and forest products were rare.

It was noticeable that even though the question clearly asked to describe a route, the great majority had either just named the route without describing it at all, or described the route with minimum detail. Since the route was not described or poorly described, weather hazards were omitted in the majority of the answers. Most of the answers on cargo hazards were incomplete, they should be explained in more detail. Liquefaction was mentioned in iron ore cargo hazards by most of the candidates. This is not correct as this applies only to some types of iron ore products such as iron ore fines. Cargo loading/discharge methods were weak in description if mentioned at all. The examiners also noted a lack of mention of stowage factors with some using vague terms such as light or heavy and many saying stowage factor is normal. While many candidates stated that iron ore was carried in Capesize vessels very few mention VLOCs.

Overall, this was a question that many attempted but because of the lack of detail given, as requested in the question, marks were lost.

Question 2

Answer BOTH parts of the question

- a) Draw a fully labelled profile and fully labelled cross section for a Capesize bulk carrier and state the principal particulars and specifications of this vessel e.g. as specified as the standard vessel in the Baltic Capesize Index.,
- b) Give a thorough description of one main trade route from a named loading port to discharging port. Include a description of how the cargo is loaded and a description of how the cargo is discharged at the named ports. Give details of cargo hazards and weather conditions for this route.

This type of question nearly always appears and with parts of question 1 also used in this question, the examiners thought this would be beneficial to the candidates.

- a) *Drawings are expected to be neat and usually drawn on the graph paper in the answer booklet. This was not the case in many of the attempts. Most candidates did not give a double hull for the vessel and many failed to give a cross section but drew a plan. Side rolling hatch covers missed by the majority. Hold numbering is still wrong in too many answers and the description of the vessel*

were generally very poor, with range of dwt given, and incorrect loa/beam/draft. Only a few made reference to the standard Baltic capesize vessel.

- b) Similarly with Q.1, the biggest problem in this question was that more than half either had just named the route without describing it at all or described the route very poorly. Since the route was not described or described poorly, weather hazards were not mentioned in the majority of the answers. A relatively large number did not describe the cargo hazards as expected. Some did not do very well in illustrating the routes on the map.

Therefore, for a common question, candidates are failing on the simple elements and not answering the question as requested.

Question 3

You are a charterers broker responsible for time charter for your principal. They have asked you to compile a report stating the current (early 2024) problems with the two major canals which are both used for your chartered vessels.

- a) Identify and explain the problems with each canal
- b) Indicate the additional cost affects by having to reroute your vessels, currently trading India to Europe, to avoid piracy and geo-political problems.
- c) Explain what additional time, cargo restrictions and problems are likely to be encountered for your vessels currently trading WCUSA to ECUSA with forest products.

A topical, current problem for shipping and surprisingly about a third of the candidates attempted this question and there was a low pass rate. The examiners hoped that candidates would be fully aware of worldwide geo-politics and natural phenomena which have an effect on trade. Very few answered this question in a report format.

*a) The canals are the Suez and Panama Canals. The **Suez Canal** is losing numbers of transits due to an unstable political situation in the Southern end of the Red Sea, Also Piracy in the Gulf of Aden and North East Africa has again resurfaced. The **Panama Canal** is suffering from drought conditions and there is a lack of water necessary for the locks. The canal authority has, since June 2023, limited the draft of all vessels transiting the canal to 13.4m (44ft). This part was the main answer for most with some description of the warfare in the lower Red Sea and Gulf of Aden. But answers varied from ships blocking the canal to sand storms as the main reasons for current problems.*

b) By having to reroute around South Africa means an extra distance of at least 3,500 nm which adds 7-10 days extra steaming and additional fuel costs. JIT goods are affected at destination ports. Additional costs for the charterer are time and bunker costs minus the cost of transiting the canal. Very few gave examples of

costings and those that did failed to deduct the cost of passing through the Suez canal. Some attempted to give answers but no examples of additional fuel costs or time/distance for charterers stated. None mentioned that the extra distance for the Cape routes over Suez would also increase EU- ETS payments. In answers for the Panama canal the element of the lack of rainfall causing a restriction of drafts hence less cargo carried was missed. Congestion and auction of transits was given by those that passed.

c) This route normally proceeds through the Panama Canal. But with the restriction of the draft means the vessel is unlikely to be able to maximise the cargo lift. The alternative to load to maximum dwt and sail down around Cape Horn is not a viable option because of the additional time and bunkers consumed for an additional 8000nm. There are also delays in transiting when waiting in a queue. However, it has been seen that additional funds have been paid for an earlier transit.

Very simple answers were given in most cases and the examiners felt that the answers demonstrated that most candidates miss out on extra merit marks by not keeping themselves abreast of current affairs in their industry.

Question 4

You are a broker acting for a merchant involved in the grain trade. The merchant is planning to purchase various cargoes including around one million tonnes of wheat from Thunder Bay, Canada spread evenly throughout the navigation season and a similar amount of Soya beans from ports in Louisiana. All the cargoes are intended for Europe and will likely be discharged in Southampton or Rotterdam.

The merchant has asked your advice about securing shipping space for the cargoes.

Draft a message to your principal advising on the type of ships to be chartered, any particular issues and the most suitable charter contracts.

The first issue of this question was to answer the question as a message which many failed to do. It was the least favourable question with the lowest pass rate. Very few of the candidates, who attempted this question, took in consideration the restrictions at St. Lawrence Seaway to establish the max size of ship suitable for this trade. Restrictions on Mississippi were generally not taken in consideration at all. Not many calculated the number of voyages needed to cover the full quantities for both contracts. Very few stated the Dec-Mar closure of St Lawrence Seaway. Overall, a very poorly answered question.

Thunder Bay is a great lakes port and vessel size is restricted by the St Lawrence Seaway. Maximum ship size would be LOA 226 m max. Beam 23.8m, 7.92 m draught and 28,500 DWT. It should also be recognised that the seaway closes each year from late December to late March effectively limiting the season to nine months. Ice-class vessels may be an advantage especially very late or early in the season.

New Orleans can accept Panamax and Neo-Panamax vessels loading around 70,000 to 77,000 tonnes respectively although droughts on the river can mean lower quantities at times – these have been especially severe in the last year or so. For the Thunder Bay cargoes, the examiners would be looking at weekly shipments of around 25,000 tonnes through the season. A COA with a single owner or pool might be an option as would single voyage charters. Given the frequency of shipments and the time needed for each voyage, a time charter of a single ship would not be feasible.

For the New Orleans/Louisiana cargoes the distance to Rotterdam would be around 13 days at 14knots sailing so a single ship could not maintain the schedule needed. Again, a COA with an owner of suitable vessels could be an option but once again so could single voyage charters with one call every four weeks or thereabouts. Handmaxes or Supramaxes would also be an option but the number of voyages would increase accordingly.

Question 5

Answer both parts of the question.

Your principal, the Owner, received a voyage offer containing following terms:
'-LOAD/DISCH 3000/3000 MTS PWWO OF 24 CONSEC HRS SSHEX EIU BENDS
-DEM USD 9000 PDPR/DHDLTS BENDS'

a) Write a message to your principal explaining the meaning of the following abbreviations:

- WWD
- SSHEX EIU
- DHDLTS

b) Suggest to your principal how the above terms can be improved to benefit the owner, giving the reasons for your recommendations.

The answer should have been in the form of a message addressing the Owner and signed off 'as agents/brokers only'.

- WWD (Weather Working Day) – term in a shipping contract referring to bad weather interruptions of laytime; means a working except for any time when bad weather prevents the loading and discharging of the vessel or would have prevented it, had work been in progress.

- SSHEX EIU (Saturdays, Sundays, Holidays Excluded Even if Used) – a term referring to interruption of Laytime during weekends and holidays; if cargo operations are performed during the excepted period laytime will not count; usually the C/P will specify the actual time before the weekend or a holiday when time stops counting and the time when time counting resumes after the weekend/holiday.

- DHDLTS (Despatch Half Demurrage on Laytime Saved) – meaning despatch is set at half the demurrage rate; explanation of demurrage and despatch on laytime saved was to be given.

Suggested improved terms:

- *SHINC, SHEX UU or SSHEX UU instead of SSHEX EIU; Brief explanations of these terms; comments on actual time and half actual time to count under the SHEX/SSHEX UU; explain the difference in Owner's favour compared to the SSHEX EIU.*
- *Despatch – suggesting Free Despatch or DHDWTS; explain Despatch calculated on Laytime versus Working time saved.*

Question 6

Answer BOTH parts of the question:

- a) Using a vessel and cargo of your choice draft a firm voyage offer on behalf of the Owners.
- b) Explain the different responsibilities for the Owner, if the ship was to be time chartered

a) Voyage firm offer should include the basic main elements:

- *Reply by (Date/Time and Place)*
- *Account*
- *Vessel's description*
- *Cargo details / option +/- on quantity*
- *Load/disch ports*
- *Lay/Can*
- *FRT Rate/MT + terms FIOS/FIOST/FIOS LSD/ LINER IN/LINER OUT*
- *Load/discharge rate and terms*
- *Dem/Despatch*
- *CP*
- *Commissions*

Additional terms which gained extra marks:-

Freight payment clause; taxes/dues on freight/cargo; agents; NOR; B/L; determination of cargo quantity (shore scale/draft survey); fumigation, if applicable; Law and arbitration

For a chartering broker the task to draft an offer occurs very frequently in practice. Therefore, the examiners were expecting candidates to be fully aware of the requirements. Most of the offers obtained a reasonable mark even though many attempts just included the basics with very few or no additional terms at all.

b) Explanation of Owners different responsibilities under time charter vis voyage charter,

Time charter e.g.

- Ship maintenance/insurance/crew wages/provisions/luboil.

Voyage Charter e.g.

- all above plus all voyage costs such as
- Port dues/agency fees/Canals/pilotage/towage
- Bunkers consumed during the voyage
- Weather delays/waiting time for passing through canals
- Loading/Discharging costs if cargo fixed on Liner terms
- Despatch, if applicable
- Taxes/dues on freight, if applicable

Part b) was generally answered poorly. Very few identified and explained correctly the different responsibilities for the Owners under Voyage and T/C but instead explained the common responsibilities.

Question 7

Answer BOTH parts of the question.

In the context of Laytime, explain the following:

- a) NOR including what an 'an arrived ship' means
- b) Laytime commencement
- c) Three reasons for interruption of Laytime

A popular question but the content of the answers was weak with little detail.

a) A common failure was to clearly define 'arrived ship' and when to tender NOR.

Answers varied widely from arrival at pilot station to all fast alongside. The examiners were seeking Arrival = Physical, Geographical arrival – port, berth or usual waiting place. Reference to berth and port C/P, Readiness = Actual readiness e.g. clean holds etc. In regards to NOR, the most common mistakes/omissions were:

-to mention to berth C/P or tender of NOR 'WWWW' under port C/P.

-to mention to fulfilment of contractual commitments (very few made reference to clean holds)

-to mention to tender of NOR within working hours or ATDNSHINC

b) Commencement of laytime. This was very weak in most cases with many incorrect definitions. Commencement was often stated to begin on tendering NOR.

An NOR triggers laytime but specific C/P terms determine commencement, e.g.

- Time commencement after NOR is validly tendered, as per C/P
- 0800/1400 Clause, 0800 hrs next working day, Turn time (eg 12,24,48 hrs)

c) Any three Interruptions of Laytime

This part was overall weak in explanation with weather, strikes and breakdown the main reasons. There are others and candidates confused many acronyms when trying to explain Weekends and Holidays. Some answers had given breakdown of

*shore cranes as interruption, which is not correct while others referred to the strike without mentioning that this depends at a great extent to the C/P terms (Gencon, SYNACOMEX. AMWELSH have different terms in this respect)
Examples of three Interruptions of Laytime are: Weekends and holidays, Bad weather, Shifting between berths, Strikes and Breakdowns.
All require to be discussed with the contractual terms in the charter party.*

Question 8

Answer BOTH parts of the question.

A ship has been fixed on a time charter. The owner has received a speed and consumption claim from the charterer. The vessel is a bulk carrier and has been operating mostly in the Pacific for several periods of low activity.

- a) What is a speed and consumption claim? How might it occur?
- b) Explain FOUR other common reasons for disputes under time charters.

Answers should have covered investigating consumption from ship's own log figures, weather encountered on voyages, whether a routing service supplied by charterer was followed and comparison of predicted weather with actual conditions encountered. Investigating if fuel supplied matched specifications if any included in c/p. Periods of inactivity especially where and how long (possibility of excess marine growth and fouling).

Many candidates did not refer to the scenario of low activity in the Pacific and this could have been the possibility of excess marine growth and fouling. This point and other common omissions were reference to vessels log book, specification of fuel supplied, weather routing service if used by the charterer.

Four other reasons for disputes may include cargo damage, gear breakdown, engine problems, delays caused by PSC due owners' faults, lack of certification, crew shortage etc.

There was confusion with many candidates of giving examples which could lead to an off-hire claim but not a dispute under a time charter, e.g. dry docking.