

# Examiner's Report

## November 2024

### DRY CARGO CHARTERING

#### General Comments

The objective of this report is to provide candidates 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.

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, (e.g. Start a new question on a new page)
- 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 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.

Knowledge of the main charter parties is expected for this subject.

#### Question 1

Draft a firm offer on behalf of your principal, the Owner, for one Trip Time Charter as per below order and explain what BOD/BOR means.

ACC ABC  
SUPRAMAX/IACS CLASS/MAX 15Y  
DELY APS 1 SP USG IN CHOPT  
LAYCAN 2-6 DEC  
1 TCT WITH GRAINS DUR ABT 60-65 DAYS WOG  
REDELY SPORE/S. CHINA RANGE  
5 %TTL INCL 3.75% ADDCOMM

*This is a typical chartering question, and it is expected that the candidates show their practical knowledge. From the answers given this is not the case for the majority.*

*The offer should include all main terms of a T/C offer and extra marks given for including additional clauses such as – C/V/E, communications, Law and Arbitration, ILOHC, current position, ballast bonus etc.. Also required in detail was the vessel's T/C description with correct dimensions for a supramax, speed and consumption year of built 2011 onwards/ class (member of IACS to be stated e.g. LR, ABS, DNV, BV, CCS etc.).*

#### *Explanation of BOD/BOR*

*- Bunker on Delivery/Bunker on Redelivery – usually the Charterer will take over and pay for the bunkers remaining on board on delivery at prices agreed in advance in the Charter Party. Payment is usually made with the first hire payment. On redelivery the Charterers will usually estimate the remaining quantity of bunkers on board and will deduct their respective value from the final hire payment or penultimate hire payment in case of large amount of bunker remaining on board.*

*Surveys are usually carried out both on delivery and redelivery to establish the exact quantities of bunkers remaining on board, and any adjustments are done upon receipt of the survey reports.*

*Many candidates failed to state a relevant charter party or stated an inappropriate one e.g. Gencon. A few stated items/terms of a voyage charter party and failed to recognise that the question was about a trip time charter. The descriptions frequently lacked information on GT/Speed Consumption/Grain Capacity/cranes etc... Hire payment terms were omitted in the majority of the offers. Re BOD/BOR the most common omission was in regards of the 'On-Hire/Off-hire' Surveys and the most common mistake the way that prices are calculated and paid.*

#### *Question 2*

*Your Owner's vessel is loading a total of 25000 mts steel products at Ghent, Belgium. As of today, there are still abt 5000 mts to be loaded. The Charterers are now asking you, as broker, to approach Owners with a request that the Master signs the Bills of Lading with today's date, while loading is expected to be completed in about one or two days.*

*Draft a message to your Owners to:*

- a) Explain the request made by the Charterers and the functions of the Bill of Lading*
- b) Offer your advice, explaining all possible outcomes for any actions.*

*It must be highlighted that most of the answers were not of the requested format, which should have been in a message format and signed off 'As brokers/agents only'. Some of which were in a message format had not been signed 'As Agent/Broker only'. This is a fundamental error.*

*a) Some candidates had not explained the functions of the B/L at all, while almost half of the answers needed elaboration in detail and relevance to the question. The majority failed to mention why this request was made by Charterers. The examiners required a sensible suggestion of why the request is made (expiring L/C, latest date of shipment as per L/C etc...)*

*b) Only a very few had given a complete answer on the possible outcomes (LOI, fraudulent action, risk of damage or shortage claim for cargo not loaded yet, impact on insurance cover etc). In regard to the advice to the owner too many candidates had not given any advice at all, while a number just stated 'Refuse the request', which was not what it was requested by the examiners.*

*What was required was a discussion of the problems of agreeing – possible short shipment, possibility that the cargo which is yet to be loaded might be damaged. There should be reference to the fact that agreeing would be FRAUD and an explanation why – the B/L is a document, which contains significant statements which are facts such as: -*

*the port of loading, shipper's identity, description, quantity and apparent condition of the goods loaded on board, date of shipment on board, if any such statements are untrue (in this case the shipment date) a person issuing or signing the Bill of Lading can be seen to be fraudulent. Comment on the obligation of the Owner to deliver the cargo as per "receipt", otherwise is open to a claim from Receivers. Comment on non-enforceability of Letter of Indemnity.*

*It was expected to be mentioned that issuing a Bill of Lading with untrue contents is a breach of the contract of carriage. Therefore, comment that if quantity/condition of cargo is not correct then affects insurance; loss of P&I cover. Suggest to the owner to seek assistance and advice from P&I Club.*

*If a candidate expressed sensible ways out of the situation such as splitting the B/L and issuing a separate B/L for the quantity already loaded and for the balance on completion of loading, this warranted additional marks.*

### Question 3

Your principal is interested in buying a series of 10-year-old Panamax vessels that have just become available for purchase. In your capacity as exclusive broker for the shipowner, write a detailed report on the future freight market prospects for this tonnage.

*This answer should have been written in a report format with a proper introduction and address and a sign-off, 'As agents only'. This is a very important element for a broker.*

*It was not a popular question and those that attempted failed to give any depth of a report. Very few referred to demand/supply, the importance of Panamax in dry bulk market and factors affecting future prospects. Only a few referred to the fleet age, orderbook, change of trading patterns, effects of new regulations and new trends. Some gave details of neo-panamax which was not required.*

*A detailed review of factors that will affect this tonnage's future trading prospects, taking into account their age, changing trading patterns, geo-politics, manufacturing and purchasing trends when it comes to buying bulk cargo. Examiners expected arguments supporting recommendation and what price (price range) ought to be offered for the ships. If the advice is no, what class of dry bulk ship might represent a better investment for the principal and the reasons for this.*

#### Question 4

Answer all parts of the question

#### Using the graph paper provided

Draw a fully labelled profile and cross-sectional diagrams for a

- a) Typical Handysize bulkcarrier
- b) State in full the main specifications of this vessel.
- c) Describe at least one typical trade route for this vessel **with details** of the loading/discharge ports, hazards of cargo being carried and the weather conditions on the route.

Use the world map provided to support your answer.

*There is nearly always a question to draw a ship in this paper and the standard of the answers was disappointing. This was a popular question and one that could give the candidates a chance to gain higher marks.*

*Part a) was answered well by the majority although the instruction to use graph paper is still ignored by a few. Always the question asks for a profile and cross-sectional diagram and still a plan view is given instead of the cross section, or all three.*

*b) Unfortunately, some candidates confused Handysize with Handymax and answers frequently gave a range of sizes when the question clearly asked for the main specifications of THIS vessel. The specifications were minimal for many with only those shown in the textbook used. This is not sufficient for a good pass.*

*c) The question asked for one key trade route which needed to be described with details on cargo, voyage routing and weather hazards, loading/discharge ports and hazards of the cargo carried. But, as frequently seen in past papers, it is the lack of information on the trade route and hazards, especially as it is specified in the question, which many fail to answer. Poor drawing of the route and little annotation on the map let down many. Ports in incorrect positions occurs too frequently.*

#### Question 5

Answer **ALL** parts of the question

Explain the differences between each of the following:

- a) Reversible and non-reversible laytime
- b) Definite and indefinite laytime
- c) 'All time saved' and 'working time saved'

Use examples to support your answer

*A general point is that most of the candidates had given examples in one or two parts, not in all three. Furthermore, some answers were totally wrong in various parts.*

*a) about half of the answers mentioned that time saved at loading port can be added to the laytime at discharging port, which is correct. What they missed to mention is that this applies vice versa.*

*b) the majority of the candidates had not referred to Owners' right for Detention under Indefinite laytime and/or for Demurrage under Definite. Also, a number failed to mention at least one of the four terms of Indefinite Laytime. What was required was an explanation of the two (agreed number of days at loading and/or discharging port vs COP, CQD, CD, FAC). The impact on Demurrage and risk to the Owner under indefinite laytime (Demurrage vs Detention if cargo and/or cargo documents not ready) was missing.*

*c) was the weakest part for most of the answers. Some had not answered this part at all, whereas some others answered it unsatisfactorily. What was required was an explanation of the two (Despatch calculation with all time saved vs laytime saved) Examples showing the difference (big difference if weekend in between under SHEX/SSHEX terms were expected).*

*There were also many failures because of confusing laytime with laycan*

## Question 6

The hostile action in the Red Sea area since late 2023 has caused most operators to avoid the area including the Suez Canal and instead to route vessels around the Cape of Good Hope. The effect of this has been to increase voyage distances for vessels sailing between Rotterdam, Netherlands and Asia by around 3,500 miles. If such a situation were to repeat in the future, what advice might you give, as a broker to a charterer shipping a cargo on a Gencon 1994 or 2022 charter party, as to the rights of the owner/operator with regard to undertaking the voyage and the impact on costs for the charterer.

*A topical, current and ongoing problem for shipping and surprisingly far less than half of the candidates attempted this question and there was an extremely low pass rate. The examiners hoped that candidates would be fully aware of worldwide geo-politics which have an effect on trade.*

*This situation in the question is covered in the Gencon 1994 c/p under clause 17 of Part 11 – war risks and in Gencon 2022 clause 33. Also, the candidates should mention VOYWAR rules 1993 or 2013 to show their knowledge.*

*There are various options depending upon whether hostilities started before, during or after loading had commenced or completed. All of which allow the owner/master to act if they reasonable expect the ship may be endangered. Some of these options allow termination of the voyage at an intermediate safe port or even at the loading port. Others allow for extra freight to be charged if a longer route to the destination exists or if the deviation to a safe port exceeds 100 miles. The extra freight is calculated as a percentage of the freight relative to the percentage of the extra distance compared to the original distance.*

*However, even though a similar question was asked in May 2024, nearly all attempts at this question were incorrect. Instead of referring to the war clauses, the Owners' rights under such clauses and the impact on Charterers' costs, the candidates explained the increase in costs for deviating the vessels around the cape of Good Hope. The question was not read properly and instead looked at the charterers issues.*

### Question 7

The Baltic Dry Index is reported daily by the Baltic Exchange in London.

- A. explain how the Baltic Dry Index is compiled
- B. What relevance is the BDI to a practicing shipbroker?

*Again, this was a question that has been recently used in a previous paper. But still there is a lack of knowledge of the BDI and its composition. Little depth of detail of the three sub-indices and the standard vessels. Part b) was minimal in description by nearly all. No resemblance to current dry cargo market and trends. Some of the of the candidates omitted to mention the usefulness of the Index for the Broker for fixing in a current market while others stated that this is the only usefulness of it.*

- 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. The Baltic Dry Index takes into account 23 different shipping routes carrying coal, iron ore, grains and many other commodities.*
- b) *An explanation of how useful the BDI and its sub-indices are to a shipbroker wanting to fix in a current market condition. A general essay with relevant current information of the state of the Dry cargo market should be expected.*

### Question 8

Your principal is negotiating to carry 50,000 tonnes of grain per voyage on consecutive voyages from River Plate area to Penang in 12 months.

They have asked you to give detailed advice on

- a) Type of vessel to use with full description
- b) A full description of the cargo and how it should be carried, detailing the regulations for carriage and any hazards for the ship.
- c) Describe the route and hazards, both cargo and weather, that may be encountered for the full period of 12 months.

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

- a) *A realistic description of a Dry Bulk Carrier to be given. If not geared than an explanation of why not. (eg Supramax or Panamax with a cbm of around 75,000. SF 1.45 - 1.65)*

- b) *Grain regulations must be complied with, A full description of keeping dry, angle of repose, shifting etc etc.*
- c) *The route is across the South Atlantic, up through the Indian Ocean and then down the Malacca Straits. Seasonal Weather conditions for each area to be stated over 12 months e.g. Monsoons, Cyclones, Rough seas of Cape of Good Hope.*

*This question was attempted by many but a common mistake was choosing the wrong type of vessel (Handy or Cape). Other answers had either poor or basic description of the vessel. A number of answers omitted to mention Grain Capacity in the vessel's description, which to the examiners was very important for the particular cargo. In part b) even a basic cargo description was omitted by many, while some failed to explain in sufficient depth the carriage requirements, the grain regulations and the hazards of grains. In part c) the route was either not described well and/or not illustrated properly on the map. The majority of the candidates had not done very well on weather hazards. As the period was over 12 months more detail of the weather seasons should have been stated. The explanations were either poor or not to the sufficient depth (too general or incomplete). Maps, as always, are minimal in annotations with various positions of the discharge port and this meant the routes were varied as well.*