



ICS Examiner's Report

LINER TRADES 2012

Overall Comments

The subjects covered in the 2012 Liner Trades paper demonstrate the need for candidates to ensure they study a wide range of topics across the syllabus. Simply being able to quote definitions is insufficient. Candidates need to show they understand the practical implications of these definitions and principles in the day-to-day business of the Liner Trades. Many candidates need more practice in answering examination questions and should use past papers for this purpose.

Candidates must read and think carefully about what the question is asking before putting pen to paper. Many candidates received low marks because they did not answer all parts of the question asked. All candidates should pay attention to the advice about keywords given to students by ICS which is on the website. In some cases candidates did not use their time well, writing unnecessarily long answers to some questions and then finding they did not have time to complete the paper. Long answers with more information than the question requires does not result in more marks. On the other hand bullet points or lists do not provide adequate answers to questions.

Question 1

The keyword in this question was 'Analyse' and many candidates merely listed a number of reasons why containers may be owned or leased. To answer the question adequately consideration should have been given to how and why these reasons affected a decision to buy or lease. Candidates needed to give the advantages and disadvantages of owning or leasing in particular circumstances.

While most candidates were able to provide some explanation of the different types of leases many failed to give the advantages and disadvantages in any detail. Candidates were particularly weak in respect of master leases. In this case the container leasing company is responsible for managing the fleet including maintenance repair, repositioning and other services. The reduced price of the master leases can, in some cases, be lower than the cost of doing the work in-house.

Question 2

It is important that candidates realise that questions requiring definitions need these to be detailed and not just three and four lines long. The second part of the question was usually only dealt with very briefly and candidates lost the opportunity of gaining further marks. For example the P&I Club is important in providing cover for what may be termed broader indeterminate risks which marine insurers are unwilling to cover, such as third party liabilities. The payment of 'calls' into the Club's common pool rather than premiums should also have been mentioned.

In respect of IMO, SSP and ISM there should be specific examples of what they achieve and how they operate. In answer to the section on IMDG Code Class 8 there should be mention of the specific key duties for the liner operator under this code. Mention of the Hanjin Pennsylvania was rewarded in the marking.

Question 3

Some candidates omitted to state the specific trade for which they were constructing their freight rate which meant the answer was not correctly directed to the question asked. Most candidates described a pricing strategy but did not always explain it. The factors that were taken into consideration often missed out any reference to competition or what the market would bear. Candidates did not always acknowledge the importance of geographical factors, and the wider commercial and political factors in which shipping operates.

Question 4

The majority of candidates had a basic understanding of General Average and were able to give a theoretical definition. Very few candidates referred to the York-Antwerp Rules which are invariably used internationally to deal with the settlement of general average - the last version in 2004. There was occasional confusion with the Hamburg Rules.

Candidates had more difficulty in applying the principle to the specific example given in the question and looking at what actions had to be taken. Many candidates ignored the final part of the question concerning the parties that should contribute normally, such as the shipowner, cargo interests, time charterers that own bunkers and physical container owners.

Question 5

The majority of candidates were attracted to this question apparently because it required definitions of terms with which they were obviously familiar. Unfortunately simple definitions learnt by rote were insufficient to answer this question satisfactorily. Many of the definitions failed to consider the question of risk and responsibility passing at specific points in the transportation process.

In many cases there was not a clear distinction between seller, buyer, carrier, shipper, consignee etc. and occasionally they were used as if they were interchangeable. Very few candidates clearly identified the terms which were best suited to containerised cargo and their particular importance to the liner industry.

Question 6

This was the most popular for candidates to answer but again this appears to be because the functions of the Bill of Lading is what many candidates learn by rote. As a result when it came to the second part of the question many candidates were unable to relate the functions to the specific Bills of Lading as required. There was confusion between 'To Order' and 'Bearer' Bills as well as the difference between 'document of title' and 'negotiability' which prevented candidates gaining satisfactory marks. This underlines the importance of candidates being able to relate definitions and principles to the day-to-day practice of the business. This was one of the questions where candidates appeared to put down all they knew about the subject of Bills of Lading rather than answering the question asked.

Question 7

This question required a knowledge of maritime geography and weather conditions as well as world trades. It is obvious from the small percentage (18%) of candidates who answered this question and the poor quality of most answers that the knowledge of this aspect of the syllabus is very weak. This knowledge is a key fundamental of any aspect of shipping business.

Candidates had to illustrate their answer on the world map provided; very few did this adequately and some not at all relating in low marks overall. The effects of the global recession were generally dealt with in a superficial way. Little attention was paid to discussing why one route would be a better commercial proposition than the other.

Question 8

In some cases candidates simply described all the vessels they could think of rather than those most specific to the liner trades. Drawings of the vessels were not required but some candidates did so, if illustrations are used they should be clear and neat and serve a useful purpose in answering the question.

The second part of the question was generally well answered but in some cases merely listed the role of ports and other land based infrastructure. Lists are insufficient when the question requires an explanation.