



2014 ICS Examiner's Report

DRY CARGO CHARTERING (DCC)

General comment:

In general, the Dry Cargo Chartering exam has a number of core elements. The first is the ability to recognise a bulk carrier, to describe the commodities those vessels carry and the routes they trade. The second concerns documentation and negotiations, and includes the use and functions of the bill of lading and the trading mechanism used to hire a ship or cargo space. It is therefore regrettable that there are still too many students attempting this exam with little basic understanding of the subject. This would have been an opportunity for students to demonstrate their knowledge, not their ability to memorise data and lists.

On the positive side, there were a number of very well-answered papers. I congratulate those students on their understanding and ability to communicate their knowledge. For those that failed, I hope this report will guide them in the right direction for their studies for the future.

Question 1

This was a popular question and it was disappointing that in general, it was poorly answered. In order to gain at least a pass, candidates were requested to compose and write out a message. Few actually did. They then needed to make reference to the fact that by agreeing with the substance of this message would be fraud, either technical or otherwise.

After that they should have used the functions of the bill of lading to explain why this is so. In particular they should have outlined its functions as a receipt and as evidence of a contract. This had to be done in context to demonstrate understanding, as there were no marks for simply stating the functions. The explanation of receipt should have included the quantity and a description of the cargo loaded. A sensible suggestion as to why the request was being made was also necessary.

There were extra marks available for a discussion on the problems of agreeing with the request, including the fact that owners would be open to a claim if the cargo was not as per the receipt. There were also the effects on insurance, on lack of P&I cover, on the non-enforceability of a letter of indemnity and so on.

Distinction answers, of which there were few, gave sensible ideas for protection or ways around the request and going further than simply saying, "Don't do it".

Candidates must remember that these exams are designed to enable them to demonstrate their understanding, not their ability to memorise pages or paragraphs from text books.

Question 2

This was a popular question that was by and large, well done by candidates. The majority who attempted it scored well. The fundamental problem seemed to be that candidates failed to see this was a two-part question. In order to pass, both parts had to be attempted.

The voyage estimate should have clearly stated all the necessary items to determine a correct answer. Candidates should note that it is not a maths test and the examiner will not be checking this. It is all about understanding what is needed to get to the answer. Therefore all workings should have been shown to get a good mark.

The voyage offer should have included all the basic points. These include time & place for reply, cargo tonnes, percentage MOLOO, load and discharge ports, laycan, laytime terms, demurrage and despatch, and brokerage. There were extra marks for additional elements and neatness.

The most common reason for failing this question was that candidates drafted an offer but failed to draw up a voyage estimate. There were several answers explaining in detail how a voyage estimate should be drawn up but they did not actually provide one. Some of the estimates were well done but failed to show any workings.

Question 3

Again this was another two-part question and candidates who scored badly generally did so because they failed to answer the second part correctly.

In order to pass, the vessel diagram needed all the main features labelled for a profile and cross-section. There were extra marks for realistic dimensions and neatness.

For the second part of the question, at least two principal trade routes needed to be described. These should be written about and not just drawn on the map.

For example: A Panamax bulk carrier loads grain in the US Gulf and sails through the Panama Canal to discharge in Japan. This would have been the simplest acceptable example. There were extra marks if weather conditions and routing hazards were discussed. Distinction answers wrote a good description and had a well annotated map.

A high percentage of answers wrote a detailed description of the vessel and the goods it would carry and completely failed to even identify main trade routes.

Question 4

This was the most popular question on the paper and in most cases was well answered.

In order to pass, the correct definitions were needed. These were for reversible and non reversible laytime with respect to the calculation, for all time saved (ATS) versus working time saved (WTS) with respect to actual time used, and for demurrage and despatch with respect to all permitted laytime. Also a sensible example for at least one of the definitions was necessary.

Additional marks were available for the mention of “all purposes” or “total days”. Also for an example to show the huge potential difference for b and where commission deducted for c, plus further sensible examples.

Distinction was given for well-written essays with example calculations to illustrate answers and examples in all cases. Most candidates who failed this question stumbled on the definition for all time saved and working time saved.

Question 5

This question is always very popular but sadly was very poorly answered this year with barely 30% of candidates passing it.

In order to pass this question, a minimum of two trade route descriptions of the two commodities chosen had to be included. These had to be *described* not just drawn as lines on a map or a list of countries and ports. For example a typical coal route would be: loading Colombia, transatlantic crossing to discharge Rotterdam. At least one comment each on stowage, carriage, hazards and cargo characteristics was also necessary.

Further marks were given for extra comments on stowage, carriage and so on: Also for discussing weather patterns around the routing and for a well annotated map. Again this should not just be lines on a map, but should show at least the identification of countries.

Most of the answers just listed exporting and importing areas and ports, and did not answer the question. This specifically said *describe* main trade routes for the chosen commodity. This was the most common reason for failure. Otherwise there were some very well-described characteristics, carriage and hazards of the chosen commodities. Most of the answers also had very poorly annotated maps, with just a few lines drawn.

Question 6

Not only was this not a popular question, but it was poorly-answered by those that attempted it.

In order to pass, candidates should have discussed the current market situation. This includes tonnage availability and cargo demand. They should also discuss a supply and demand forecast and make a sensible argument from these predictions. The actual numbers did not have to be “correct”, this is not a memory test. But they should have been somewhere in the right area.

Additional marks were given for a discussion of the orderbook. Again this need not necessarily be exact figures but a likely order of magnitude and the use of sensible data rather than completely imaginary figures would be better.

Distinction answers were well written essays with good and logical arguments and an understanding of market forces.

Unfortunately very few candidates did this, with even fewer getting the main elements right. This is advice based on supply and demand, with a number of candidates just focussing on demand and often on only one commodity.

Question 7

Not only was this the least-popular question, it was again one that was poorly answered.

In order to pass, the answer should have been in the form of a message and must deal with a timecharter charter party. There were specific marks for mentioning and explaining the protective clauses. These include the Clause Paramount, New Jason, New Both-to-Blame collision clause and War clause. There were then extra marks for the quality of those explanations and the discussion of the negotiation of clauses.

A majority of the answers contained a list of all the clauses in a time charter party. They did not explain any of them, and did not even mention the protective clauses. Again this does not demonstrate any understanding of the subject, just an ability to memorise text.

Question 8

Although this was not a popular question, where it was attempted, it was largely answered well enough to at least pass.

Candidates needed to include a description of liquefaction and why it occurs and how moisture tests need to be carried out before loading. They needed to cover the publicity campaign put in place by P&I Clubs, Intercargo and the classification societies.

They should have discussed how P&I clubs will assist and give advice before and during loading. Extra marks were available for mentioning the changes that have been made by the IMO to the International Maritime Solid Bulk Cargoes (IMSBC) Code. This should describe the requirement for the competent authority of the port to approve sampling and testing procedures and the use of the global integrated shipping information system (GISIS) database.

The question was fairly well answered in the first part explaining liquefaction but many answers didn't include any comments at all on the actions taken by the industry to resolve this issue and they consequently failed. There were some very poor answers discussing liquefaction of cement, coal and fertilisers.