Overall Comments

The November paper covered a wide range of subjects from the syllabus, again combining both textbook style questions as well as real examples of issues facing the liner industry. The latter continues to be important given the vast changes affecting the liner industry today and the speed with which this is happening.

The overall proportion of passes unfortunately it continues to be disappointing and notably students continue to fail in their understanding of practical and live areas of liner shipping. This was highlighted with examples in the previous examiner’s report. Liner shipping is going through enormous change and it is imperative that students take the time to keep up to date with the real issues facing the industry today. In spite of this there were a number of papers which passed well and notably provided some excellent and well thought through answers, with in some unexpected but thought provoking answers as well. It is important to remind students to read the question carefully before attempting their answer.

Question one - Large container vessels

This question had a high number of attempts but marks tendered to be low. There were some excellent answers which scored well in both parts and here students had grasped a clear understanding of the issues surrounding this problem.

The key aspect of the question is that this is a ‘cost’ problem, not one which seeks answers on how to get more cargo or answers which took up far too much time discussing the importance of hub and spoke in a textbook style. Carriers have little influence over the revenue side of their business and cost and smart operations is where some control can be exercised. In this respect commentary on bunker cost management [supply] as well as the benefits of super slow steaming, void sailings, pendulum and double dipping as well as scrapping of vessels and idling [lay up] are all key components. Alliance and VSA developments are also key aspects. What was of concern was that many answers mentioned super slow steaming. This single development in liner shipping over the last few years has ‘removed’ over 2 million teus of potential capacity and minimised some of the impact of vessel delivery. Given that part [a] of the question was not well answered, this resulted in part [b] being poorly answered as well with not many examples being provided of trade lanes.

It is essential that research beyond the textbook takes place in order to answer this sort of question well. Even looking at carriers’ internet websites provides a wealth of data on how they run their networks.

Question two - Drawing of vessel and trade routes

This question had a high number of attempts yet it was the most poorly answered of all questions on the paper and had a very low pass mark. Many marks were again lost due to poor vessel drawings and lack of
vessel particulars. In this respect a clear and well laid out drawing of the vessel detailing LOA, beam, draft, deadweight cargo carrying capacity, gross and net tonnage, LDT, Teu capacity, ship’s gear where applicable and a cross-section of the hold showing more detail is what is required. Students should take time to practice this as understanding vessel capabilities is important and notably in container trades as they evolve.

Unfortunately the second part of the question was also poorly answered in spite of all three ship sizes trading in numerous areas providing excellent opportunity to expand on trade knowledge. Once again liner research beyond the textbook is essential when attempting such a question.

**Question three - Cargo water damage and Bill of Lading.**

This question was the second most popular on the paper and scored an average pass mark however there were a number of confused answers. Under [a] reference should have been made to evidence and documentation, insurance, limited liabilities [B/L terms], surveyors [joint or otherwise] and notice of claim / time lines and time bar. In this respect there were some good answers covering a number of these key items. There was often confusion over the actual roles of the various entities and also with the declaring of General Average – which relates to another question in the paper [Q8].

Whilst most students did realise there was a second part to the question and made reasonable efforts to define and describe properly a clean B/L, however, relating this to the damage incident was not always carried out and marks were lost as a consequence.

**Question four - Organisation chart**

This question also attracted a reasonably high level of attempts but the pass rate was low. Some structures were clearly labelled and well drawn and displayed a good understanding of what a liner shipping company should look like. Some students appeared to be confused and displayed a structure more resembling a liner agency which of course is an entirely different entity.

The second part of the question asked for two expanded functions of the company, for example- trades [network planning and trade management P&L] or global operations [ships / container management / contract management – terminals etc.]. Some students simply expanded on every role in the company and wasted valuable time. Once again it is important to read the question carefully. This was a textbook style question and should have scored higher marks.

**Question five - Marine fuel cost component as part of voyage expense**

Perhaps unsurprisingly this question attracted the lowest number of attempts and yet it is a question that could score highly if thought through and researched. This is a critical area in today’s liner shipping for all carriers. There were few good passes on this question but at the same time a few exceptional well thought through answers which scored high marks.

For part [a] a good clear world map and reasonable narrative to back this up was required. The question was looking for good trade examples [such as bunkering in Russian ports, bunkering with deadweight and cost in mind etc], which would show a good understanding of how carriers have to work ‘smart’ to minimise costs. Very few students identified this and again as in past papers the use of maps and drawings were poor.
The second part of the question was very topical with low sulphur fuel restrictions coming into force on 1/1/2015. Europe and USA are specifically affected and therefore this will dramatically affect the cost of bunker fuel on all Europe and USA container trades which will either be covered by passing on cost via surcharge to clients or carriers absorbing even more costs. It is possible also that restriction areas will widen in the future [MED / Asia etc]. It was therefore disappointing to see very few papers identifying this.

**Question six - End to End, Pendulum and Round the World services**

Again a two part question and one in which those students that did opt for it spent a lot of time on the first part and too little or no time on the second part. In some of the papers, students had just looked forward 5-10 years and did not relate this to how they felt developments would impact end-to-end, pendulum and RTW services.

End-to-end and RTW were generally well answered but often there was a lack of understanding on pendulum loops. Few students gave good examples of itineraries and/or carriers operating them and sufficient elaboration on the advantages and disadvantages of the concepts. This highlights again the lack of research on key trade routes and liner company networks. A good understanding of this would provide an excellent opportunity to score high marks on this type of question.

Part (b) was answered less well than (a) and there was not enough independent thinking. This is a pity as the opening of a larger Panama Canal may radically change the thinking on RTW services which today do not really work.

**Question seven - Important organisations within the Liner Industry**

This type of question is usually popular allowing students to display a good knowledge of such organisations. Being a text book style question and reasonably well researched meant that a relatively high pass mark was achieved. There were some good answers on many papers when expanding the role of these organisations. The role of an MTO was poorly answered in general.

**Question eight - Bills of Lading and contracts of carriage.**

This question was the most popular on the paper and also achieved a very high pass rate. This is a fundamental text book style question but about an important area so it is pleasing that it was answered so well.

The Himalaya Clause was the best answered part in many papers, with General Average often causing some difficulty and Merchant Packed Containers and Notice of Claim, Time Bar also causing some difficulty. Generally speaking the overall answers on part (b) scored well although students in many cases spent a disproportionate amount of time on part (a) causing a loss of valuable time.