**Overall Comments**

This year’s paper covered a wide range of subjects taken from the broad spectrum of the syllabus of Liner Trades which included budget control question for the first time. This question highlighted the point that students should study all parts of the syllabus. The students who seemed to struggle again this year were mainly Foundation Diploma candidates and a small number of PQE candidates which indicated a lack of study, understanding and “Real” knowledge of the Liner Business.

As mentioned above there was a wide spread of questions and different styles of answers were required. Some students prepared well for the exams and acquired good all-round knowledge, answered all parts of the questions to gain very high marks at distinction level, whilst other students were not so well prepared so moderate marks were achieved. These students may benefit from discussing bills of lading, letters of credit, and general shipping topics with other students and shipping professionals within their local areas to boost their awareness and understanding.

**Question One – Bills of Lading**

The question set required students to discuss the different types of bills of lading used within the Liner Business and the key characteristics of each type of bill. It was expected that students would discuss why each type of bill was used depending on the needs of the shipper & buyer, the underlying sales contract where it would be agreed the method of payment for cargo, if the seller / buyer would need to sell cargo on to a third party whilst in transit and if letters of credit were involved. However many students spent a lot of time explaining the three functions of a bill of lading which was not actually required as this purely needed to be referred to at some stage in a sentence or two when discussing each specific type of bill of lading. This question was by far the most popular this year.

Common error from the students was that Sea Waybills were issued only when the original negotiable bills were still going through the bank or in transit to the destination port. Cargo would be released against waybills and at a later stage the original bills would be presented to cancel the waybills. This is not the case and is a common misunderstanding. Confusion over the various types of bills also wasted time. Many students failed to describe “Bearer Bill of Lading” which is a bill of lading which does not name the person to whom the goods are to be delivered (i.e. no consignee or order party). The goods are simply delivered to the bearer i.e. the person in possession of the bill. These are not used very often because of the obvious risks, but section 5(2) (b) of the Carriage of Goods by Sea Act 1992 does make provision for them. By failing to attempt to describe “Bearer Bills” students automatically reduced the number of marks they could obtain which highlighted the difference between marks awarded to this question when bearer bills were correctly identified.
**Question Two – Major Named Routes**

This question should have been a gift to students as the three main routes in container trades were given of which two had to be chosen and a blank map was provided to save students drawing “Appalling” maps. Students failed mainly due to routes incorrectly shown on maps, insufficient ports & cargo mentioned, lack of commercial knowledge, tanker and product carriers discussed, routes described in essay incorrectly and students drawing vessels and their own maps which hindered rather than helped the student in answering the question. Most students failed to discuss feeder services and the outlook for the next five years.

**Question Three – Transport of Dangerous goods by sea**

This question was split into four clear parts:-

a) The purpose of the IMDG Code  
b) Details within the DGN  
c) Identify the nine classes with correct “Class Number” against the type of goods i.e. Class 1 explosives, Class 2 Gases, Class 3 Flammable liquids etc..  
d) Clear drawings of 4 diamond shaped labels.

Students achieved low marks because they answered only one or two parts, had a very poor understanding of IMDG code and drew poor labels or none at all. The question stated “Diamond shaped” labels so it was disappointing to have circular, square & triangular labels.

**Question Four – General Average**

This was another popular question which was a gift to students who understood General Average and were aware of the documents required; however it would appear many students do not therefore poor marks obtained. It is disappointing to see that many students consider that General Average is mainly due to the Master of the vessel throwing hundreds of containers overboard at the first sight of bad weather or that the container vessel is so overloaded in weight terms it will sink at any moment. I suggest students should read articles and research general average incidents so we get away from the normal examples of “throwing containers in to the sea” or “fire in a forward hatch which was extinguished by water thereby damaging cargoes”.

**Question Five – Letters of Credit**

This question required a formal letter which was not observed by some students thereby failing to gain marks at the very start of the essay. The style of the letter should have fallen into four clear parts which should have been:-

a) Types of letters of credit – It may come as a surprise to most students that under UCP 600 “A credit is irrevocable even if there is no indication to that effect (Article 3)”. As used in UCP 600, reference to a documentary credit is always intended to mean an irrevocable document unless the documentary credit itself states otherwise, even if the documentary credit does not use the term irrevocable. Due to the very limited use of revocable documentary credits today, they have been removed from UCP 600.  
b) Key information in the letter of credit such as name and address of beneficiary, the amount of credit, type of credit, expiry date, shipment by date etc.  
c) Documentation to be presented by the seller to the bank,  
d) Fraudulent acts and the role function & work of the IMB to prevent same.

Students achieved low marks because they answered only two or three parts briefly, with most students unable to constructively discuss the latter part of fraudulent acts and the IMB.
**Question Six – Abbreviations**

The abbreviations given should have enabled the student to identify and write two or three concise paragraphs of the four chosen. However as ever the answers were either very short or gave pages of explanation for one or two and then scant sentences for the remainder. Students should have easily deduced that 20 marks in total were available therefore when divided by four each abbreviation carried five marks. If correctly identified and a few headline sentences then the student was on the way to gain marks quickly. Students who identified this and gave short strong answers could move quickly on to the next question.

a) Multimodal transport operator,  
b) International Ship & Port Facilities Security Code,  
c) Safe Management System (SMS – not the text message system as suggested by some students),  
d) International Association of Classification Societies,  
e) United Nations Conference on Trade and Development,  
f) International Maritime Organization.

**Question Seven – Budgeting**

This was an area of the Liner Trades Syllabus which had not been included in previous exam papers and its appearance confused students as to what was required. The student should have mentioned voyage estimates, fixed costs, variable costs of vessel, bunker fuel costs, crew costs, port costs, and amortisation and so on. Very few students achieved this whilst many more students’ submitted answers regarding Tariffs & Pricing which was not required on this occasion thereby no points obtained. Whilst other students commented about routes without any mention of the fixed / variable costs or costs incurred at ports etc.

**Question Eight – Agency Proposal**

The question asked for the student to draft a proposal with organization chart showing details of the proposed company. If the student followed the “leading” suggestion then that should have helped the student give structure to their answer and logically place certain divisions together depending on their duties & tasks. Also it may have given the student a few minutes to consider other departments than port operations & sales / marketing and thereby improving the strength of the answer. Most students gave brief, narrow and unbalanced departments whilst other divisions such as transport department, container depots, warehousing etc were largely ignored. If the organization chart had been used then this would have highlighted the need for management / supervision of the various departments in the higher structure level of company and the possible “Synergy” this would achieved. Unfortunately some students described shipowner’s organisation rather than an agent’s organisation, whilst others did not prepare essay as a proposal to his possible Principal.