ICS Examiners Report

Shipping Business 2010

**Overall Comments**

It is pleasing to report that, in general terms, the standard of essays submitted in the 2010 examination were much improved compared to previous years and it was evident that most candidates prepared themselves well.

For those candidates who failed to obtain a satisfactory result, usually, this was due to poorly constructed answers which did not impart enough information and, where the question comprised two parts, most students failed to address both components.

Overall, the pass rate increased compared to 2009, which proves that those who undertook a structured revision programme were rewarded accordingly.

**Question One**

This question was attempted by many candidates who, on the whole, produced good quality answers.

The main structure of the essay should have been based around the current activities of the ICC, the principle services offered, composition of its membership and an explanation of the type of organisation the ICC comprises.

Most students mentioned the achievements relating to the standardisation of commercial practice, the fact that the ICC provides an international forum for business and trade and, additionally, most mentioned that the ICC encourages and promotes international trade. A few candidates went on to explain the role of the IMB and its achievements in tackling fraud.

**Question Two**

Most candidates who answered this question grasped the concept that the term ‘multi-modal’ meant that the transport chain comprised two (or more) modes. Successful answers explained, in detail, the various transport mode interfaces, the benefits to traders and the various implications for the carriers.

In general terms, the second part of the question should have included the difficulties encountered and cost of standardising equipment, conflicting transport conventions covering different modes and the efforts of the international agencies such as the ICC, UNCTAD and national governments to overcome the problems faced.

**Question Three**

Overall, the quality of answers submitted in relation to this two part question was mixed, with some candidates being able to grasp the concept of hedging, but others being quite vague in their general understanding exposing a fundamental knowledge deficiency.

Many were able to establish that hedging is used as a means to protect the traders against losses arising from cost variations which are beyond their control and most went on to explain that both financial and freight fluctuations were common factors.
**Question Four**

Question four produced some interesting and well informed essays. Using the map provided, most candidates correctly identified the areas where criminal activity is currently prevalent, the tactics employed by the pirates and were also able to identify and describe the most common methods of deterrents available to those transiting these regions. Many referred to the International Maritime Bureau’s piracy reporting centre and the operations undertaken by MSCHOA - Maritime Safety Centre (Horn of Africa) operations. A few went on to explain the use of satellite tracking as well as SHIPLOC and Iridium Impreva etc.

**Question Five**

This question was answered by most candidates and most were able to provide a detailed explanation of four of the terms chosen. Within their answers, many candidates conveyed their knowledge and expanded their essay by explaining how their chosen abbreviation was applied in international trade and the various financial implications and opportunities for both the buyer and seller. A few complimented their text with diagrams and illustrations relating to where and when risk passes.

**Question Six**

As with question five, most students answered this question and, overall, good essays were produced providing a clear and concise understanding of each of their chosen disciplines along with an explanation of the role each plays in international shipping. Whilst most provided well rounded answers, a few failed to appreciate that this was a two part question and did not provide any comment what-so-ever on the practitioner / principal relationship. It must also be mentioned that, worryingly, a few candidates could not differentiate between a port and liner agent.

**Question Seven**

Many candidates attempting this question provided good commentary on the main differences between the different business entities as well as explaining the main advantages and disadvantages of trading with those organisations. A few students were able to draw from practical experience relating to their current commercial business activity and, typically, this contributed to the overall content of the essay submitted.

**Question Eight**

This question, which could be considered straightforward, was attempted by only a few students. The standard of answer provided was generally fair and most were able to briefly explain that the IMO has no direct powers to enforce its conventions and understood that, when and where its conventions are adopted, it is a pre-requisite that they be implemented into the laws of the various flag states, who are then responsible for conformity. Whilst many listed the achievements of the IMO in relation to safety at sea and anti pollution, only a few explained that security was now also uppermost in the IMO’s work. As usual, those students who were able to provide some accurate historical background in relation to the International Maritime Organisation were rewarded with additional marks.