

Open Awards Qualification Unit



This unit forms part of a regulated qualification.

1 Unit Details

Unit Title:	Commercial Shipping Operations
Unit Reference Number:	A/618/7073
Level:	3
Credit Value:	6
Minimum GLH:	45

2 Learning Outcomes and Criteria

Learning Outcome (The Learner will):	Assessment Criterion (The Learner can):
1. Understand the types of shipping business and organisations	1.1 Identify the main types of seaborne shipping business and their purpose
	1.2 Outline the international regulatory framework that applies to shipping
	1.3 Describe two shipping organisations and their roles in the industry
	1.4 Explain the importance of mutual trust in shipping
2. Understand how ships are chartered and traded	2.1 Describe the following: a) Bareboat b) Voyage c) Time charters and how the responsibilities differ between each type of charterparty
	2.2 Explain three key fixture terms used in a standard charterparty form
	2.3 Describe the role of brokers in the chartering process

	2.4	Explain what needs to be considered during the stages of negotiating a charterparty
	2.5	Outline the features of a 'firm offer'
	2.6	Explain the role of the post fixture department
3. Understand legal and ethical considerations in commercial shipping	3.1	Describe a shipbrokers' legal responsibilities to their Principal
	3.2	Explain the importance of jurisdiction and choice of law in charter negotiations
	3.3	Assess the impact of e-commerce on commercial transactions
	3.4	Describe the purpose and legal implications of three international maritime conventions that apply to commercial shipping
	3.5	Explain ethical considerations in commercial shipping
4. Understand ship operations and crew management	4.1	Describe four factors that a shipowner has to consider when estimating voyage costs
	4.2	Explain the purpose of the Statement of Facts
	4.3	Calculate demurrage and despatch for a worked example
	4.4	List the factors that determine crew costs
	4.5	Give two reasons for the choice of crew nationality
	4.6	Explain the purpose of the Maritime Labour Convention

Learning Outcome 1 - Indicative Content

AC 1.1	<p>Learners should identify different seaborne shipping businesses. Such as:</p> <ul style="list-style-type: none"> - Charter (tramp) vessels operate according to the terms of the principal who charters them include the start and finish ports, they operate predominantly in the dry bulk and tanker markets. - Liner Trades operating to a fixed route. Learners should know about feeder vessels and deep sea vessels. The evolution of controlled climate and freezer containers means a switch to food transported via liner container services as opposed to tramp reefer services. <p>Learners should know that liner operators restrict port calls made by deep sea vessels and that feeder vessels take cargos to and from smaller ports in a hub and spoke model.</p>
AC 1.2	<p>Learners should outline the role of the United Nations in the form of the IMO, ILO, AFO and UNCTAD in setting international codes and conventions. They should know how these are enacted at a country level by national bodies such as the MCA, US Coastguard, Affairs Maritime etc. On a more local level the jurisdiction of a port or harbour conservancy.</p>

AC 1.3	<p>Learners should understand the prime centres for vessel chartering include London, Singapore, Hong Kong, Shanghai, Dubai, Rotterdam, Hamburg, New York, Tokyo and Busan.</p> <p>They should understand the importance of exchanges and organisations such as:</p> <p>The Baltic Exchange, Intercargo, Intertanko, BIMCO, ICS, FONASBA, FIATA, and Corporation of Lloyds</p> <p>Special care should be taken so that learners understand the easy trap of confusion of names “The Baltic Exchange” and the Baltic and International Maritime Council (BIMCO), Lloyds Register and the Corporation of Lloyds etc.</p>
AC 1.4	<p>Mutual Trust should cover:</p> <ul style="list-style-type: none"> - The condition of ship. - The definition of a contract Shipbrokers warranty of authority and breach of warranty without negligence, distribution of signed documents and financial accountability. - Definition of the terms: General Average, Deadfreight, Despatch and Demurrage. -
Learning Outcome 2 - Indicative Content	
AC 2.2	<p>Learners should be shown standard charter party forms such as GLENCON or NYPE and taught the following terms:</p> <p>Disponent owner; contents of charter agreement preamble; on/offhire survey; laydays; rate of freight; laytime; notice of readiness; rates of loading/ discharging; brokerage clause; bunkering; rate of hire; hold cleaning.</p> <p>Then the learner should choose three charter clauses to explain in their own words.</p>
Learning Outcome 3 - Indicative Content	
AC 3.2	<p>Learners should understand that the UK operates under a common law environment based on case law, which makes it more nimble than other jurisdictions. For example, with the development of new technologies such as semi-autonomous vessels, brokerage is more likely to happen in a country with common law such as the UK compared to France which is based on civil law and code of law.</p> <p>Worldwide, Common Law forms the basis of the law in most English-speaking countries, whereas Civil law systems prevail in most of the world, with the notable exception of mainly Islamic nations and China. Common law systems are largely based on consensus and precedent.</p> <p>Legal jurisdiction is also important in choosing the flag state where ships are registered. For example, in the cruise industry to allow marriage on board.</p>
AC 3.4	<p>Learners should have an over view of all of the following but choose three to explain in more detail:</p> <ul style="list-style-type: none"> • United Nations Convention on Law of the Sea (UNCLOS) • Safety of Lives at Sea (SOLAS) • Standards of Training Certification and Watch keeping (STCW) • MarPol • Load line Convention • Convention on Facilitation of International Maritime Traffic (FAL) • Incoterms as agreed by the International Chamber of Commerce: EXW; FAS; FOB; CIF
AC 3.5	<p>The key points learners need to demonstrate an understanding of are:</p> <ul style="list-style-type: none"> - That ship broking must rely on a huge amount of trust and abiding by unwritten rules; the principle of “My Word is my bond”; - A person may earn commission from one party, but must work honestly for both parties; - Different cultures have different interpretations of gift giving, corporate entertainment and bribery, to avoid this pitfall there are international legal commercial rules and company auditing; - Because shipping relies on chains of communication it is not likely that an individual will meet or correspond with the people in front or behind the person in the chain so mutual trust is the backbone of international shipping business.

Learning Outcome 4 - Indicative Content	
AC 4.1	<p>Learners should have an overview of the factors that need to be considered when estimating voyage costs, then the chose four to describe in more depth.</p> <p>As a guide they should cover:</p> <ul style="list-style-type: none"> • An overview of the ship voyage length including any ballast, legs either from the last cargo port or to return the vessel after cargo discharge and time in port for loading/unloading; • They should be able to calculate loading unloading time and that in order to do this the broker needs to know the nature of cargo, its stowage factor, and quantity as well as loading equipment to be used, and any likely delays in port such as holidays or weather restrictions; • The time for bunkering and effect of bunkering weight on how much cargo to be carried, the broker will need to know how much fuel is needed, cost and time to load it; • Other expenses such as stevedoring, port costs, canal fees, despatch, extra insurance premiums; routing decisions and effect on fuel and time such as restrictions on passage through canals either due to laden draft or time to transit.