DATE …………………….……… STUDENT NO……...……………...…………..…

EXAMINATION CENTRE ……...………………………………………………….…………..

THE SHIPPING AND FORWADING AGENTS’ ASSOCIATION OF ZIMBABWE

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## FREIGHT FORWARDING AND PRACTICE DIPLOMA

**FINAL EXAMINATION**

**PAPER TWO**

# GENERAL PAPER

**30 NOVEMBER 2017**

**TIME ALLOCATION: (3 HOURS)**

**INSTRUCTIONS**

* Answer Question ONE (compulsory) from Part A and any other THREE from part B.
* Your student number must appear on all your answer sheets.
* This examination script is the property of SFAAZ and must not be removed from the examination room.
* This paper carries 60% of the final examination marks.
* Answer a new question on a fresh sheet of paper.

**FFP NOVEMBER 2017 Final / P2**

**Section A: CASE STUDY – Compulsory**

**QUESTION ONE**

**Severe storm blows giant container ship into Durban harbor, closing South Africa's largest port.**



A container ship blocks the harbour mouth in Durban, South Africa, October 10, 2017 in this still image obtained from a social media video. BLUE SECURITY via REUTERS

JOHANNESBURG (Reuters) - South Africa's largest port remains closed on Wednesday after vessel movements were suspended when a severe storm lashed the coastal region resulting in at least eight deaths in the province, a port official said.

The Durban Port manager Moshe Motlohi told Reuters it was still too early to assess the extent or costs of damages to sub-Saharan Africa's largest port, which is a key transit point for commodities such as maize.

"It's going to take a few days to access how much was involved in terms of cost," said Motlohi.

Three vessels were grounded, containers had blown into the bay and mooring lines were broken in the channel in the Port of Durban on Monday, the Transnet National Ports Authority said in a statement.

The KwaZulu-Natal provincial officials confirmed on Wednesday that at least eight people had died as a result of the storm with further reports of missing people.

Motlohi could not estimate when the port would be opened again but said it is unlikely it will open on Wednesday.

Source : Tanisha Heiberg, [Reuters](http://www.reuters.com)

Oct. 11, 2017, 9:41 AM

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1. It is common knowledge that importers with cargo on this vessel had different types of marine insurance cover, cargo clause A, B or C. For each type of cover explain the extent to which the clause would have covered had the storm sunk the ship and nothing recovered. (6 marks)
2. Besides cargo insurance who else would have made a claim to insurers and on what?

(4 marks)

1. Explain extra expenses that importers /owners of cargo would incur had some cargo been offloaded into the sea to save the ship. (3 marks)
2. What saved the cargo and vessel from sinking under such a severe storm? (3 marks)
3. Assume that storm hit Durban while the ship had started offloading the first container. It is also common knowledge that the cargo carried on the abovementioned ship had contracts of sale which covered the 11 current incoterms. We need to identify the person who would have borne the risk of loss of or damage to the goods after the storm. For example cargo in one container was purchased ex works (EXW). Risk would be on the buyer after the storm. In similar manner identify the risk takers at this stage for cargo purchased using the other 10 incoterms. Assume the agreed point of delivery is Durban for all “C” and “D” incoterms. Country of destination for the containers being RSA. You may use a table format as presented below. ( 5 marks)

|  |  |
| --- | --- |
| INCOTERM | RISK TAKER AFTER STORM |
| EXW | Buyer |
| FCA |  |
| FAS |  |
| ( Continue table with rest of incoterms) |  |

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1. What complications have been brought about by this incident to the stakeholders involved and suggest the best way to solve the issues? ( Stakeholders involved are Shipping lines, Port Authority, MTO, Shipper / Consignee) (10 marks)
2. What safety and security issues should the Port authority put in place to mitigate loss of such a nature? (4 marks)
3. Applying the learnt material from sea transport explain how this vessel was eventually brought to the port. (3 marks)
4. Using your knowledge of Southern Africa sea ports, identify two ports that were used while Durban was closed. (2 marks)

**(Total 40 Marks)**

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**Section B: Answer only THREE questions from this section.**

**QUESTION TWO**

1. Describe the process which takes place during the transportation of a FCL container from the first cargo booking, collection at the merchant’s premises, ship loading until ultimate delivery to the consignee. Identify all of the parties involved in each sector of the journey, the physical activity and the associated documentation or communication involved.

Use a flow chart to support your answer (10 marks)

1. Describe in detail 4 areas that are covered by international conventions. (8 marks)
2. Explain why transport costs are not always related to the distance travelled? (2 marks)

 **(Total 20 marks)**

**QUESTION THREE**

1. Describe the range of services which would you expect a 3PL logistics company to offer.

 (4 marks)

1. Explain the roles which a bill of lading fulfils for
2. A shipper.
3. A multi modal operator.
4. Other parties involved in international shipment. (6 marks)
5. Given the code below you are required to
6. Decipher the code and label each part or section. (4 marks)
7. Explain what this code is and what it used for. (3 marks)

**U 4GV/X13/S/08/USA/+AQ2121**

 **N**

1. Which would be more difficult to pack in a 20’ GP – 20 tons of steel rods or 20 tons of cotton wool and why? (3 marks)

**(Total 20 marks)**

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**QUESTION FOUR**

1. Explain 3 advantages and 3 disadvantages of a multinational company outsourcing its logistics operations rather than managing them in-house.

Use examples to support your answer. (6 marks)

1. The international movement of goods is regulated in international agreements that can also be called conventions. Identify and explain the conventions that regulate the international movement and carriage of goods. (8 marks)
2. Explain the factors that have helped the container industry grow over the last 60 years. (6 marks)

**(Total 20 marks)**

**QUESTION FIVE**

1. From the attached Airwaybill explain the following boxes:
2. Value Declared For Customs. Explain what it would mean if a value is put in that box.
3. Rate Class – Q
4. The dimensions 50x40x27cm/6 and VOL: 0.32 CBM. Include an explanation of the calculation.
5. MYC and SCC
6. Significance of IATA code (12 marks)
7. Briefly explain the 3 basic needs that YOU, the freight forwarder, must identify before deciding on transportation requirements for your client? (3 marks)
8. List the 9 classes of dangerous goods and their subdivisions? ( 5 marks)

**(Total 20 marks)**

**\**End of Examination\****