



WEDNESDAY 25th APRIL 2012 – MORNING

ECONOMICS OF SEA TRANSPORT AND INTERNATIONAL TRADE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

Candidates should use diagrams where applicable to support their answers

1. Taking any major port, discuss the factors that have been instrumental in its development. Analyse the likely future development that might occur especially taking into account the 'green shipping agenda'.
2. Explain with the aid of diagrams the effect of a tariff on an imported product or commodity.
3. Cost management and control are key determinants of profitability. Identify the major shipping cost elements that operators and shipowners are able to control and explain how these costs may be reduced.
4. Discuss what effect the Eurozone crisis has had on global shipping and international trade?
5. Shipping is considered to be a factor of production, and knowledge of the freight rate elasticity of demand is an essential part of making operational decisions. Identify and explain the conditions which dictate the elasticity of demand for shipping.
6. "In a similar way to all economic models perfect competition is underpinned by a set of assumptions; these appear to be present in the tramp market." Identify and explain these assumptions within the tramp market of dry bulk trade.
7. Comment on the economic impact of piracy on global shipping and international trade and the response of the international shipping industry to this development.
8. The supply of shipping tonnage is influenced by numerous factors. Discuss how these factors influence the freight markets in the short and long-term.