



THURSDAY 17TH NOVEMBER 2016 – AFTERNOON

**ECONOMICS OF SEA TRANSPORT &
INTERNATIONAL TRADE**

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Explain how foreign currency rates between countries are determined. Use a graph to support your answer.
2. Assess the extent to which the tanker market represents a market operating under perfectly competitive conditions.
3. Examine the cost structure of a shipping company and comment on those costs that management can control.
4. Explain the differences between intra-industry and inter-industry trade flows. To what extent can these flows be explained by economic theories of international trade?
5. Examine the effects of the imposition of a tariff on an imported commodity. Use a graph to support your answer.

PLEASE TURN OVER

6. Choosing a port known to you, evaluate whether the private or public sector is the most effective way to operate a port.

7. How has the change in oil production level and locations changed the demand for shipping? Use examples to support your answer.

8. How does the price of bunkers affect freight rates, and therefore the cost of imports? Use a diagram to support your answer.