



**TUESDAY 12<sup>th</sup> APRIL 2016 – MORNING**

## **INTRODUCTION TO SHIPPING**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. The rising demand by households of LPG and the desire to find and use cleaner fuels in the form of LNG has seen a rise in the building of ships to carry these cargos.

Choosing **EITHER** an LNG or LPG vessel, draw the ship and explain how these ships work and how the cargo is stored, loaded and transported. Use the world map provided to support your answer.

2. Why would a country wish to have a national fleet and how should they go about encouraging ship owners to register their ships in that country? What are the national flag's responsibilities?
3. Shipping is a derived demand. In the context of how world trade develops and exists, discuss derived demand, absolute and comparative advantage. Use diagrams and examples to support your answer.
4. The liner trade is steady growing with bigger and bigger ships coming into the market. Shipping lines, in order to compete and stay in the market have had to come up with ways to stay competitive.

Explain conferences, consortium agreements, alliances and NVOCs in the liner trade and what are the advantages and disadvantages of each.

5. What is a contract and what is required to have a legally binding contract? If you are not party to a contract, but have been adversely affected, how are you protected?

**PLEASE TURN OVER**

6. Answer **BOTH** parts of the question.

- a) You have recently opened up your own agency company, what options are there as to the type of company you could open, which type you would choose and why?
- b) Bearing in mind that the accounting side of the business is vitally important, explain the controls that you would put in place to ensure that your new venture survives.

7. Answer **BOTH** parts of the question.

You have inherited a ship and the rules of the inheritance state that you are unable to sell the ship. You can charter it out and you can seek assistance in operating it. What options are available for:

- a) chartering the vessel, or
- b) operating the vessel.

8. Recent law amendments in the USA now mean that it is legal to export crude oil from America. Using the world map provided, show the load ports and discharge ports that could be used to receive this cargo. Describe the type of vessel used and the routing.