



THURSDAY 11TH MAY - 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. What is a balance of trade deficit and explain how it can be corrected.
2. Explain economies of scale in deep sea shipping and how it affects the global pattern of maritime trade.
3. Identify and explain the factors that influence the supply of vessels over time.
4. Explain what is meant by 'price discrimination' in Liner shipping.
5. What is the relationship between long run costs and output?
Use suitable diagrams to support your answer.
6. How are subsidies used in the shipping industry?
7. Analyse the factors that determine the equilibrium freight rate.
Use suitable diagrams to support your answer.
8. Explain derived demand elasticity.