



**MONDAY 14<sup>th</sup> MAY – AFTERNOON**

# **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

1. Discuss the impact that a sustained rise in crude oil prices would have on shipping and the world economy in the short and medium term.
2. Critically analyse the impact of 'megaships' on the container liner industry and world shipping.
3. Explain the concept of 'opportunity costs' as it applies to the shipping industry.
4. Describe the main factors that affect the global supply of ships.
5. Critically analyse the implications and limitations of the theories of comparative advantage.
6. Answer BOTH parts of the question:
  - a. Describe the world tanker market, providing three examples of typical cargoes.
  - b. Explain how the growth in pipelines globally is likely to affect the market in the future. Use the world map provided to support your answer.
7. Explain why the understanding of the supply demand model is critical to ship management success. Use a graph to support your answer.
8. Explain 'elasticity of supply'. Use a graph to support your answer.