



NOVEMBER 2025 EXAMINATION SESSION
THURSDAY 13th NOVEMBER 2025 - 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

1. The “USA Energy Information Administration” (EIA) expects the price of crude oil to fall to below \$60 per barrel by the end of the year and average near \$50 per barrel through 2026.” Discuss the likely impact of this fall on world economic growth and development.
2. Identify and examine the principal ways in which the supply of shipping services can be altered.
3. Analyse the economic effects of a tariff, drawing a demand and supply diagram to support your answer.
4. Explain the concept of "the production possibility frontier", as it relates to international trade and shipping. Use suitable graphs to support your answer.
5. Explain what is meant by a ‘balance of trade ’deficit and how it can be corrected.
6. Using a graph to support your answer, explain the relationship between long-run costs and output.
7. Using a diagram to support your answer, explain how the price of bunkers affects freight rates as well as the costs of imports.
8. Define and briefly explain **FOUR** of the following topics.
 - a) Price mechanism
 - b) Comparative Advantage
 - c) Economies of scale
 - d) Balance of Payments
 - e) Shipping Cycles