

THE INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2006 EXAMINATIONS

WEDNESDAY 19 APRIL – AFTERNOON

ECONOMICS OF SEA TRANSPORT & INTERNATIONAL TRADE

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

- 1.** Describe the structure of the world wet bulk trades in particular the tanker trades and briefly comment on the growth of the wet seaborne commodity trades in recent years.
- 2.** Examine the factors that influence the demand for shipping and explain why demand for shipping is said to be a derived demand.
- 3.** The freight market is a massive and complex meeting place of ship-owners, charterers and ship operators all subject to the forces of supply and demand plus a host of other factors. Choosing a recent event known to you explain how this factor or a combination of factors have influenced freight rates.
- 4.** The EU are considering reform measures that could result in the repeal of the Liner Conference Block Exemption Regulation for Liner Shipping Conferences (Council Regulation 4056/86).

What, in your opinion are the main arguments in defence of liner conferences and do you agree with them?

- 5.** From 1970 to 2004 crude oil prices have fluctuated, but remained below the \$50 per barrel price level. August 2005 saw these prices peak at unprecedented levels in excess of \$70.00 per barrel. Economists have attributed these increases to fundamental and temporary reasons. Explain these increases in the light of the aforementioned reasons.
- 6.** From Mid 2003 and 2004 Dry Bulk Freight rates peaked at record levels. What effect do high freight rates have on international trade and global commodity movements? Use graph to illustrate your answer.
- 7.** Distinguish between intra-industry and inter-industry trade flows. To what degree can these flows be explained by economic theories of global trade?
- 8.** Canals and Waterways provide an invaluable service to global shipping and international trade. Consider the economic reasons behind the proposed Panama Canal expansions plans.