

UNIVERSITY OF COLOMBO
FACULTY OF ARTS
THIRD YEAR EXAMINATION IN ARTS (ECONOMICS) 2017/2018
END OF THE SECOND SEMESTER

ECN 3263: ECONOMICS OF SEA AND AIR TRANSPORT

TIME ALLOWED: TWO (02) HOURS

Answer the Compulsory Question No.1 from Part-I, and any THREE Questions from Part-II

PART- I (Question no. 1 in Part – I is Compulsory)

Question 01 [40 Marks] – This Question is Compulsory

Colombo Shipping Services is a Shipping agent who specializes in handling Casual callers at Port of Colombo. The below information was received from a Greek Shipping Company; Onela Shipping, for their Vessel "Onela Queen " which is due in Sri Lanka in mid-January 2019 from Singapore then proceeding to Oman. Additional Tariff applicable to Sri Lanka is shown below.

(a) : <u>Vessel Specification</u>		(b) <u>Navigation cost sheet as per SLPA Tariff</u>	
1. Name of Vessel	Onela Queen Voy001	Entering dues	GRT x US\$ 4.55
2. GRT (Gross Revenue Tonnage)	82,430	Light Dues	GRT x US\$ 3.40
3. Port Stay	3 Days	Pilotage In/Out	GRT x US\$ 4.55
4. Purpose of Visit	Discharging & Loading Cargo <u>100'/50'</u>	Professional Pilotage	US\$ 24 x 2
5. Cargo Details given as <u>20'/40'</u>	Inward Local 100'/50' Outward Local 40'/60'	Tugs 2 In / 2 Out	US\$ 161 x 4
		Berth Hire	GRT x US\$ 0.22 x hours at Berth
(c) <u>Port Stevedore Rates</u> <u>20'/40'</u>		(e) <u>Exchange Control Tariff for agency commission</u>	
Local laden (inward & outward)	US\$ 150/US\$ 250	On Inward Freight	2.5%
		On Outward Freight	5%
(d) <u>Freight Charges collectable in Colombo</u>		Owners protective	US\$ 750 per vessel
For Total Inward 100'/50'	US\$ 60,000	Agency fees	
For Total Outward 40'/60'	US\$ 80,000		

You are required to prepare a Proforma Disbursement Account for vessel "Onela Queen "showing Expenses Payable in Port of Colombo, which has to be requested by Colombo shipping Services from Principals. (Do not show Freight collectable value to the PDA)

PART- II

(Answer any THREE Questions)

Question 02 [20 Marks]

- (i) What do you understand by “Inter-modal Transportation” (05 Marks)
- (ii) Discuss the benefits of Inter-Modal Interaction and Interdependence in Intermodal Transportation. (15 Marks)

Question 03 [20 Marks]

- (i) Air transport industry comprises of airlines having different business models. These airlines differ from each other in terms of characteristics. List down these business models and their characteristics, while citing examples. (10 marks)
- (ii) What is the most suitable business model, out of those listed in above (i) that you would recommend to an operator starting a new airline and give reasons for your answer. (10 marks)

Question 04 [20 Marks]

- (i) Define “pricing” in relate to the airline industry. What are the different fare types that are used by airlines? (10 marks)
- (ii) Explain two of the stakeholders within the aviation industry system. While substantiating your answer through examples from the industry, examine how these stake – holders contribute towards the operation of an airline. (10 marks)

Question 05 [20 Marks]

- (i) Container Freight rates are once again under pressure with the trade protection efforts by major trading partners. In the meantime, the ship owners find it hard to target cutting of costs. Explain the main components that contribute to building container Freight Rates. (10 Marks)
- (ii) Marketing is an important part in how a shipping line is placed in customer’s mind. “Galaxy Line” is a new liner service getting ready to be introduced as a round the world carrier. Design an initial marketing plan covering tag lines, differentiators and service highlights. (10 Marks)

Question 06 [20 Marks]

- (i) What bearing do you think International Trade has on the Shipping industry? (5 Marks)
- (ii) Examine the purpose of Free Trade Agreements (FTAs) and their potential advantages and threats vis – a -vis national economy. (7 Marks)
- (iii) “Customs and Quarantine services have a more intensive role to play when countries like Sri Lanka enter into FTAs with trading partners”. Critically analyse this statement. (8 Marks)
