

The Economic Role of the Shipping Industry

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WHAT IS SHIPPING?

The act of moving cargo from a place to another using ships which are operated by shipping lines.

It facilitates Local and International trade via transportation of commodities and products.

It involves identifying the most profitable trade routes, the volume of cargo available on these routes, the number of ships that must be employed..etc..



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WHY IS IT IMPORTANT?

- The reason why the imports and exports on this wide scale is possible as it carries almost 90% of world.

- Led to the development of the world from isolated areas to an integrated global community. For example:

China and India could develop their economy through expanding their exports mostly by shipping.



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ECONOMIC ROLE OF SHIPPING:

- Efficient low-cost transportation.
- Increased employment.
- Global economic engine
- A small increase in national shipping capacity of developing countries can lead to a great decrease in the deficit in the BOP
- Generally speaking, there is a positive relationship between growth in world output and growth in world trade (Trade Elasticity)



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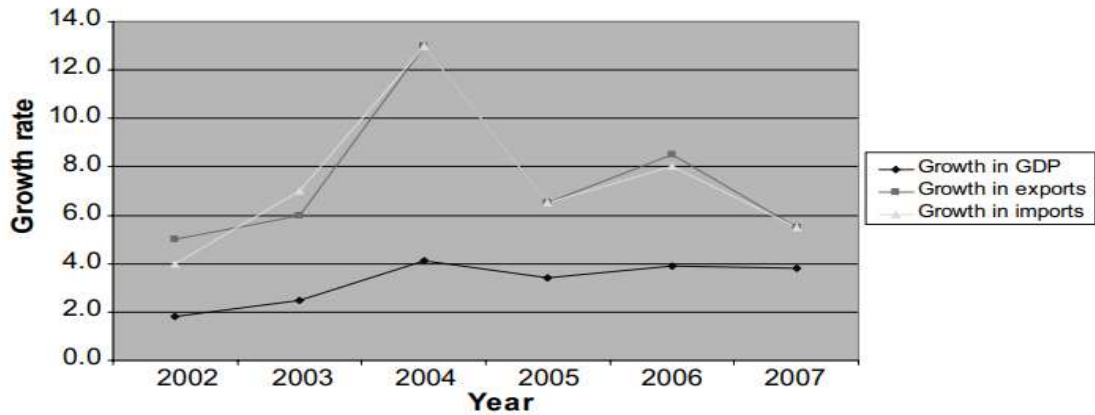


Fig. 1.2 Growth rate of world output and world trade. (Source UNCTAD 2008)

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NEGATIVE IMPACT OF SHIPPING ON THE ECONOMY:

- Air pollution which may cause us to incur a lot of costs in the future.
- For developing countries, Infrastructure and ships building can be very costly.
- Very slow.
- Solid Waste: All ships produce solid wastes during voyages. Most of these wastes can be legally disposed at sea



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