

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

ECONOMICS

2885

TRANSPORT ECONOMICS

Monday **24 JANUARY 2005** Afternoon 1 hour 30 minutes

Additional materials:
Answer Booklet.

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided on the answer booklet.

Answer Question 1 and **one** question from Section B.

Write all your answers on the separate answer booklet provided.

If you need to use additional answer sheets, fasten these sheets securely to the answer booklet.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

The quality of your written communication will be taken into account in the marking of your answer to Section B.

This question paper consists of 4 printed pages.

Section A

Answer this question.

1

The Changing Supply of Logistics Services in the UK

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Details: An extract of text about the demand for freight transport by road

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Table 1: Freight transport by road – goods moved in vehicles over 3.5 tonnes,
1991–2001
(billion tonne-kilometres)

A table has been removed due to third party copyright restrictions
Details: A table showing freight transport by road from 1991-2001

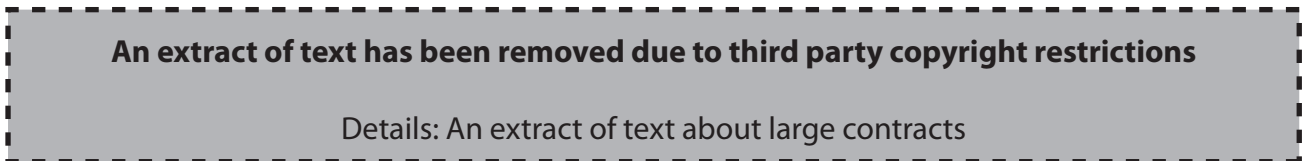
Adapted from: Transport Statistics, Great Britain 2002 edition.

Table 2: Specialist 3PLs – the market leaders in 2001



Note – n.a. refers to data not available

Source: Motor Transport Top 100 companies, 11 July 2002
Distribution, Vol. No. 2, April 2002
Various Company Websites



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From Bamford CG in Waters D (ed), Global Logistics and Distribution Planning, Kogan Page, 2003

- (a) Using Table 1, state two ways in which the provision of freight transport by road in the UK has changed between 1991 and 2001. [2]
- (b) (i) Explain why the demand for freight transport by road has grown broadly in line with Gross Domestic Product (GDP) (lines 1–2). [2]
- (ii) State and explain two likely reasons why many manufacturers and retailers now contract out their logistics services to companies such as Exel. [4]
- (c) (i) Give two characteristics of an oligopoly. [2]
- (ii) Comment on the extent to which the market for logistics services in the UK is contestable. [4]
- (d) Discuss the likely effects of increased market dominance on efficiency in the UK logistics market. [6]

Section B

Answer one question.

- 2 It is estimated that the costs of traffic congestion now exceed £20 billion per annum, yet the government is still reluctant to introduce a national system of road user charging.
- (a) Explain how the costs of traffic congestion might be estimated. [10]
- (b) Discuss how effective the introduction of a national system of road user charging might be in reducing the problem of traffic congestion. [15]
- 3 (a) Explain the relationships between the component parts within the structure of the UK railway industry. [10]
- (b) Discuss the ways in which economists might assess the efficiency of the UK railway industry. [15]
- 4 There has been much argument in recent years on whether aviation fuel should be taxed in order to reduce pollution caused by air transport.
- (a) Explain how the negative externalities associated with air transport cause a misallocation of resources. [10]
- (b) Discuss the extent to which a tax on aviation fuel might correct the misallocation of resources associated with air transport. [15]