



ICM

JUNE 2016

INTERNATIONAL TRADE & PAYMENTS I

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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1. Analyse the categories of invisibles which are usually seen in the balance of payments account of a country. [20]
 2. Investing in an overseas market is now a priority for many businesses. Review the main benefits of investing in overseas markets and explain the risks to be aware of. [20]
 3. Explain what commodity markets are and analyse the benefits that they bring to the system of international trade. [20]
 4. Analyse the main categories of costs that are typically included in an overseas shipment quotation. [20]
 5. There are a number of risks that a company should guard against when accepting a letter of credit. Explain the main safeguards that can be put in place to manage these risks. [20]
 6. Review the stages in the life cycle of a bill of exchange. [20]
 7. The international trading community makes use of a number of types of documentary credit. Analyse the main types of documentary credit used in international trade. [20]
 8. Explain how export houses and buying houses support the system of international trade. [20]