



ICM

MARCH 2016

INTERNATIONAL TRADE & PAYMENTS II

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. Review EACH of the stages in the life cycle of a bill of exchange. [20]
 2. Evaluate the contribution of red clause credits and standby credits to the system of international trade. [20]
 3. Explain the role of a credit controller, and assess the advantages that it brings to an international exporter. [20]
 4. Explain what **forfeiting** is and evaluate its contribution to international trade. [20]
 5. Review the circumstances in which it is likely that an exporter will seek payment in advance or cash with order from a buyer. [20]
 6. Explain the concept of the **purchasing power parity theory** and comment on its relevance in the modern-day trading environment. [20]
 7. Critically evaluate the role and contribution of royalty and licensing payments in the system of international trade. [20]
 8. Analyse how a country's balance of payments position will affect its ability to trade internationally. [20]