



ICM

MARCH 2017

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 []
1. Compare and contrast irrevocable and confirmed credits and assess their contribution to the system of international trade. [20]
 2. Incoterms now play a fundamental role in supporting trading between countries. Explain what **incoterms** are and assess how they underpin the system of international trading. [20]
 3. There will be occasions when an exporter will ask for payment in advance from a buyer or cash with the order. Explain when this is likely to be the case. [20]
 4. Explain what **royalty** and **licensing agreements** are and assess how they support the system of international trading. [20]
 5. Explain what **countertrade** is and analyse how it contributes to trading between countries. [20]
 6. Critically evaluate the significance and contribution of spot and forward exchange rates to trading between countries. [20]
 7. Analyse the stages in the life cycle of a bill of exchange. [20]
 8. The checking of documentary credits is an important process in international trading. Identify and review the action that should be taken in the event of identifying a major discrepancy in a documentary credit. [20]