Facultat d'Economia i Empresa

External trade

Code: 102342 | **Grup 3**
Academic year: 2013-2014 | Fall term

Final Exam

Problem 1 (2 points)

Provide a short description of the following concepts and their domain of application in the theory of the external trade

1) EEE
2) Documentary collection (or draft)
3) Passive temporary importation under bond
4) DUA (or custom document)
5) CARI

Problem 2 (1 point)

Define the different steps of the integration process. Provide also a definition of the concepts of *trade creation* and *trade diversion* and argue your answer with a numerical example.

Problem 3 (2 points)

The following table presents the statistics referring to the Index of Competitiveness (ITC) for Spain

Unidades: índices (base 100 = 2006)
Source: Unidad de Estudios del Ministerio de Industria, Turismo y Comercio

	Zona geográfica frente a la que se calcula el índice											
	European Union											
	UEM-17			UE-27			OECD no UE-27			OECD		
	IPR	IPX	ITC	IPR	IPX	ITC	IPR	IPX	ITC	IPR	IPX	ITC
2009	101,1	99,9		100,5	103,6		97,4	110,2		100,2	104,5	
2010	101,3	99,9		100,3	102,9		95,3	110,2		99,7	104,0	
2011	102,2	99,9		101,0	102,2		96,2	101,0		100,5	101,9	

a) Compute the Index of Competitiveness (ITC) for each year and each geographic zone,
b) Discuss the result: how did the Spanish competitiveness towards the EU-27 countries change? Which was the cause of that evolution?
c) What is about the ITC versus OECD countries?

Problem 4 (3 points)

The company MOTOR SA deals with the import/export of automotive. This is an Oviedo based company. MOTORS SA needs to import five sport cars and it is investigating the business opportunities in the market in order to find the best option. Two Japanese firms seem proposing very interesting offers. They both can be paid with a 60-day documentary draft.

The two offers are:

A) Firm: **CASHI**
   Type of contract: FOB (Tokyo)
   Price: 60,000,000¥

B) Firm: **FERSEN**
   Type of contract: CIF (Barcelona)
   Price: 67,000,000¥

Further information is also available:

- Spot exchange rate: 1€=107¥; 1€=1.30$
- Commission fees associated with the documentary draft: 0.9% on the value of the exchange bill
- Interest rate: 3% per-year
- Loading charges in Tokyo: 11000¥
- International freight and insurance costs for the delivery from Tokyo to Barcelona are 10,000$ and 7,000$ respectively
- Tariff duty: 15%
- Freight and insurance costs from Barcelona to Motor's headquarter: 1500€
- Unloading and loading charges in Barcelona and in the final destination: 300€

Determine:

1) The EXW value of each of the two offers.
2) The final cost per-car of the two offers: which is the most convenient one?
3) Compute the (final) VAT liquidation associated with this purchase of merchandise.

Problem 5 (2 points)

A Catalan firm exports machineries to Cameroon. The contract has been signed under the CIF conditions for a total value of 7,500,000 €. The exchange bill presented at the custom includes the following information:

- Value of the merchandise (FOB): 6.500.000 €
- Freight and transport costs: 1.000.000 €.

According the available data, determine the maximum amount of credit to export (namely CARI) that this firm can enjoy when the freight and transport services are provided by

a) A Spanish carrier,
b) A French carrier,
c) A Cameroon carrier.