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) DUA
2) CESCE
3) CARI
4) Credit FAD
5) Active temporary importation under bond

Problem 2 (2 point)

Briefly describe the types of trade policies that can be applied by countries belonging to the WTO. Discuss with a graph the gain and/or losses of a (i) tariff policy, (ii) subsidy policy.
[Hints: consider the case of a small country]

Then, 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 **(2 points)**

The Toledo based company AVELASVIR imports 1000 trolleys from India. The merchandise follows this delivery path: Bangalore-Madrid-Toledo. The EXW incoterms of this merchandise is equal to 100.000€. The total insurance and transport costs are 5,000€ and they split according to the following proportion: 10% from the Indian firm premises to Bangalore, 70% (Bangalore – Madrid) and 20% (Madrid-Toledo). Furthermore, we need to consider the loading costs in Bangalore (500€); the tariff (3%) and extra costs for the delivery of the merchandise in Toledo (100€).

Compute:

- The value of the FOB and CIF incoterms
- The TVA at the custom in Madrid
- The total TVA to be paid for the import of this merchandise once it arrives in Toledo.

Problem 5 **(2 points)**

A Spanish firm exports machineries to Senegal. The contract has been signed under the CIF conditions for a total value of 6,500,000 €. The exchange bill presented at the custom includes the following information:

- Value of the merchandise (FOB): 5,500,000 €
- 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 Senegal carrier.