Facultat d'Economia i Empresa

External trade

Code: 102342 **Group 4**
Academic year: 2019-2020 Fall term

Exam
Second part

(Time to complete the exam: 105 minutes)

Problem 1 (3 points)

In August 2006, ICEC Corporation (in Hong Kong) entered into an agreement for the sale of 200 tons of Chinese white beans to NPL in Portland, Oregon (USA). According to the agreement, the beans were to conform to sample pc-16 and the shipment was made on the basis of Incoterms CFR. The beans were loaded in separate containers on board a vessel at the port of Hong Kong for shipping to Portland, Oregon. In Hong Kong, an independent surveyor of quality certified that the beans were in conformity with the description of the goods in the shipper's invoice. The US Food and Drug Administration detained the shipment of arrival in Portland on the ground that the beans were unfit for human consumption. The beans were stored in a warehouse under federal government detention. After efforts to obtain the release of the cargo, the buyer rejected the shipment for failure to conform to the contract (sample pc-16).

Questions:
a) Did the title of the merchandise pass from the seller to the buyer? If so, when?
b) Is the seller responsible for the goods under the CFR when the goods are on board the vessel? How about after the delivery to the buyer?

Problem 2 (5 points)

The firm Aceites de Alcántara SA in Cáceres imported from Ferseulis (Korea) a machine for packing olive oil for its plant in Cáceres. Aceites de Alcántara has already signed a contract to sell 2000 bottles of olive oil for a value of 10,000€.

The contract signed with Ferseulis involves the following conditions:

1) The contract is signed under DAP conditions in Caceres and the value of the machine is $150,000.
2) Previously, in order to build the machine, the two parties agreed that Aceites de Alcántara would send a stock of metal bearings to Ferseulis. This material was produced in Germany. The price of the material was 2,500€, but they were sold applying a discount of 60% of their value.
3) The importer has to pay to the exporter 5% of the value of the revenue derived from the committed olive oil in terms of commissions.
4) The merchandise was delivered from Seoul to Cáceres by passing through Madrid by means of a cargo aircraft belonging to a Greek company and then a Spanish trucking company. The total cost for transport and insurance was 8,000€: 80% corresponds to the trip Seoul–Madrid, 10% refers to the trip Madrid–Cáceres, and 10% refers to the internal transport in Korea.
5) The loading charges in Seoul were $600, the costs for downloading and uploading in Madrid were 1000€ and the downloading charges in Cáceres were 650€.
6) The costs referring to the release of the merchandise were 250€.

7) The import is subject to a tariff ad valorem of 25%.
8) Exchange rate: 1€=$1.15.

Determine:

a) The value of the tariff to be paid in Madrid for this import.
b) The final TVA paid for all costs involved in this import.
c) Ferseulis is thinking of applying for a CARI granted by the Spanish Official Institute for Credit. Is it feasible?

Problem 3 (2 points)

The Spanish firm CLASIC signs an international contract under these conditions:

a) Exporter: CLASIC (Spain)
b) Importer: Suits (Nicaragua)
c) Objects: Machines
d) Value of the merchandise: $4,500,000 under CIF conditions whose value is composed by:
- Goods and services: $4,300,000 (FOB)
- Material for the machines provided from firms in Nicaragua: $300,000
- Material for the machines provided from firms in China: $500,000
- International freight and transport costs: $200,000

e) Commercial commissions: $250,000

According to 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 Spanish carrier
- A carrier from Panamá
- A carrier from Greece