



EAST AFRICAN SCHOOL OF AVIATION

FINAL EXAMINATION

SUBJECT: TRADE AND TRADE PATTERNS

Duration: 2 HRS

DATE: _____

TIME: _____

INSTRUCTIONS TO ALL CANDIDATES

- 1. Answer all questions*

EXAMINATION SESSION RULES

GENERAL GUIDELINES

- You will work with the exam QUESTION BOOKLET and a separate ANSWER SHEET.
- Check that your QUESTION BOOKLET is complete. The number of questions is indicated on the front page.
- Complete the ANSWER SHEET with your personal information. Your Client ID can be found on your examination invitation letter.
- Once the exam is passed successfully, your name will appear on the course certificate as it is written on the Examination Attendance List. Notify the Supervisor if your name is spelled incorrectly on the Attendance List.
- Normal **examination conditions** apply:
 - No talking is permitted once the examination papers have been distributed.
 - No food and/or drink are allowed in the examination room.
 - Anyone suspected of cheating will have their examination papers canceled.
 - No examination paper may be taken out of the examination room.
 - No photocopy or scan of the examination may be made.
 - Once completed, the QUESTION BOOKLET and the ANSWER SHEET must be handed to the Supervisor.
- **The time allowed for completing this examination paper is indicated on the cover page.** You will be advised 30 minutes and again 15 minutes before the end of the examination. You may leave the room before, if you have returned your paper to the Supervisor.

MATERIALS ALLOWED

- Only your IATA OAG and TACT Training Edition materials are allowed in the examination room.
- A nonprogrammable pocket calculator and a language dictionary are permitted.
- **No other external or supplementary references are allowed.** Note books, loose paper notes, diaries and agendas are **not permitted**.

HOW TO WORK WITH THIS QUESTION BOOKLET

- **Read each question carefully.**
- All questions carry equal marks. **All answers must be marked on the ANSWER SHEET** and **not** in the QUESTION BOOKLET.
Failure to mark answers on the answer sheet will result in a FAIL grade.

HOW TO WORK WITH THE ANSWER SHEET

- Find the ANSWER SHEET now.
- Mark only **one response per question**. No points will be given for a question with more than one marked response.
- Blacken the appropriate circle for each answer option you choose. You must use a lead pencil. If you must change a multiple choice answer, blacken the new circle with your pencil and completely erase the incorrect answer.
- When an exam question presents less than five answer options, ignore any extra blank choices on the ANSWER SHEET. For example, if the question offers only A and B as answer options, fill in A or B on the ANSWER SHEET and ignore C, D and E.

AT THE END OF YOUR EXAMINATION

You must return the ANSWER SHEET and QUESTION BOOKLET to your exam supervisor.

1. The latest version on INCOTERMS was published in which year?
 - a) 2020
 - b) 2008
 - c) 2000
 - d) 1998
2. Which of the following statements about INCOTERMS is correct?
 - a) They constitute a contract between buyer and seller
 - b) They supersede the laws of governing a contract
 - c) They are three letter trade terms related to common sales practices
 - d) They have yet to be widely applied in international commerce
3. Which INCOTERM places minimum responsibility on the seller and greater responsibility on the buyer?
 - a) CIP
 - b) EXW
 - c) FCA
 - d) CPT
4. Under which INCOTERM does the seller assume the maximum obligation, including clearing goods for import?
 - a) FCA
 - b) DDP
 - c) CPT
 - d) CIP
5. Which two INCOTERMS are most often used in the airfreight industry?
 - a) FOB and DAT
 - b) CIF and CIP
 - c) CIF and DDP
 - d) CIF and FOB
6. The INCOTERMS rules are accepted by the following except?
 - a) Government
 - b) Legal authorities
 - c) Practitioners worldwide
 - d) Civil aviation authorities of countries in Asia
7. INCOTERMS are intended to
 - a) Improve sales
 - b) Introduce new players
 - c) Reduce uncertainties
 - d) Make buyers comfortable
8. Different countries interpret rules and give them the same meaning around the world.
 - a) True
 - b) False
9. How many terms are involved in trade (INCOTERMS)
 - a) One
 - b) Eight

- c) Four
- d) Seven

10. INCOTERM Rules apply to the following except?

- a) Delivery of goods
- b) Transport
- c) General shipment logistics
- d) Sale

In question 11- 20 define and write in full the three letter codes of INCOTERMS

11. Explain DDP.

- a) Seller assumes maximum obligations including clearing goods for import
- b) Buyer assumes obligation of clearing import goods
- c) The buyer carries all risks until the goods are delivered at the destination
- d) The seller assumes risks and costs once the goods reach the delivery point

12. DAT In full is

- a) Delivered duty paid
- b) Delivered at place
- c) Delivered at terminal
- d) Delivered at the premises

13. CPT arrangement places more responsibility on buyer

- a) True
- b) False

14. Explain DAT.

- a) The buyer bears all responsibility of unloading cargo
- b) The seller bears all risks involved in bringing the goods to and unloading them at the terminal
- c) The seller's responsibility in this case is to deliver goods at the origin airports terminal
- d) This arrangement involves the buyer alone

15. Explain CPT

- a) The seller bears all responsibility
- b) In this arrangement the buyer bears all responsibility
- c) The seller pays for transporting goods to their destination
- d) The buyer's responsibility begins only at the premises.

16. DDP in full is

- a) Delivered duty paid
- b) Delivered at place
- c) Delivered at terminal
- d) Delivered at the premises

17. CPT in full is

- a) Carriage and insurance
- b) Free carrier
- c) Carriage paid to
- d) Cost Insurance freight

18. Explain CIP

- a) The seller buys insurance
- b) The buyer pays for goods from origin
- c) The seller clears goods at the named terminal
- d) The buyers responsibility begins once goods have been offloaded at the destination

19. EXW in full

- a) Carriage paid
- b) Ex works
- c) Carriage and insurance
- d) Delivered at terminal

20. Explain EXW.

- a) This arrangement places great responsibility to the seller
- b) Both the seller and buyer have equal responsibility
- c) The buyer has Minimum responsibility
- d) The buyer pays for goods to the first carrier.

21. Countries establish trade tariffs and quotas to

- a) Encourage other countries to buy their goods
- b) Encourage domestic countries to produce and export more goods
- c) Establish a level playing field in international trade.
- d) Restrict the import of goods from abroad.

22. Which country is in the best economic position to import high value added consumer goods

- a) A country with a strong currency on the international market
- b) A country with a weak currency on the international market
- c) A country that does not produce those goods domestically
- d) A country who government imposes a stringent trade tariff and quota system.

23. With regard to airfreight transportation, the most commonly used terms include one of the following.

- a) CIP
- b) CIF
- c) DAT
- d) FCA

24. On the airway bill which INCOTERMS is marked with PP (Prepaid)

- a) CIF
- b) DAT
- c) FCA
- d) DDP

25. Which INCOTERM indicates that the shipper pays for all charges up until the cargo has been delivered to the airport of origin?

- a) DAT
- b) FCA
- c) FOB
- d) CPT

26. With regard to airfreight transportation, the most commonly used terms includes one of the following.

- a) CIP
 - b) FOB
 - c) DAT
 - d) FCA
27. On the airway bill which INCOTERMS is marked with CC (Charges collect)
- a) CIF
 - b) DAT
 - c) FCA
 - d) FOB
28. Optimum transport solution is usually selected based on the following criteria except?
- a) Time
 - b) Cost
 - c) Quantity
 - d) Availability
29. What does air cargo industry facilitate?
- a) Shipment storage
 - b) Commerce
 - c) Cargo business
 - d) Trade
30. Today world trade is undergoing under a lot of changes due to many _____
- a) Players
 - b) Trading partners
 - c) Restrictions
 - d) Frequent changes
31. The trade patterns of the world are clearly reflected in _____
- a) Warehouse manuals
 - b) Airline industry as a whole
 - c) Ground handling companies manuals
 - d) Official airlines guide. (OAG)
32. Airfreight will _____ follow international trade patterns.
- a) Always
 - b) Most likely
 - c) Unusually
 - d) Invariably
33. The world trade patterns circulate the world East – West and in a more extended North-South and South – North.
- a) True
 - b) False
34. Impact of currency is one of the key concepts in international trade.
- a) True
 - b) False
35. Currency exchange rates vary _____
- a) Occasionally
 - b) Daily
 - c) In a fortnight

- d) Monthly
36. A country with a strong currency has the financial potential to _____
- a) Trade
 - b) Form restrictions for export
 - c) Import
 - d) Export
37. Economic and trade restrictions is one of the key concepts in international trade.
- a) True
 - b) False
38. A country with a weak currency can sell its export commodities at _____
- a) A lower price
 - b) At a negotiable price
 - c) At a competitive price
 - d) At a very high price
39. The cost of imports for countries requiring basic raw material such as oil, gas, coal, ore, steel and food is
- a) Very low
 - b) Is negotiable
 - c) Is competitive
 - d) Is immense
40. Richer countries can afford to import goods other than basics such as the following except?
- a) Books
 - b) Food
 - c) Furniture
 - d) Toys
41. When a country imports goods it
- a) Weakens the position of the country's own producing companies
 - b) Strengthens its producing companies
 - c) Improves its bargaining power with the competition
 - d) Increases its gross domestic product.
42. Many governments feel pressure to create _____
- a) A potential market
 - b) A business partners
 - c) Protectionist policies
 - d) Trade laws.
43. Countries establish trade tariffs and quotas to?
- a) Encourage other countries to buy their goods
 - b) Encourage domestic counties to produce and export more goods
 - c) Establish a level playing field in international trade
 - d) Restrict the import of goods from abroad
44. Which country is in the best economic position to import high value added consumer goods.
- a) A country with a strong currency on the international market
 - b) A country with a weak currency on the international market

- c) A country that does not produce those goods domestically
 - d) A country whose government imposes a stringent trade tariff and quota system
45. An important factor in world trade is currency exchange rates, which vary _____
- a) In a fortnight
 - b) On a weekly basis
 - c) Everyday
 - d) On a monthly basis
46. The transport flow must follow the agreed trading terms with regard to the following except?
- a) Delivery
 - b) Facilitation
 - c) Documentation
 - d) Payment
47. Four processes that must be coordinated to ensure a fast and efficient transport flow include cargo, documents, payment and _____
- a) Networking between the parties involved.
 - b) Customs clearance
 - c) Freighter
 - d) Information
48. What is a key problem that creates inefficiencies when the transportation process is not being managed by freight integrators?
- a) Reentry of the same information due to lack of a common information network.
 - b) Delays at the customs
 - c) Delays caused when documentation arrives later than the shipment
 - d) Delays between the three steps in the transportation process.
49. The three steps in the transportation process in which different parties handle the shipment include, Door to door, Airport to airport and Airport to door.
- a) True
 - b) False
50. Under which **INCOTERMS** does the shipper pay for charges until the cargo has been delivered to the airport of origin plus the airfreight to the airport of destination excluding terminal charges at destination.
- a) CPT - Carriage paid to
 - b) FOB - Free on board
 - c) CIF - Cost insurance freight
 - d) CIP - Carriage and insurance paid