



**EAST AFRICAN SCHOOL OF AVIATION
SPECIAL EXAMINATION**

SUBJECT: TRADE AND TRADE PATTERNS

Duration: 2 HRS

DATE: _____

TIME: _____

INSTRUCTIONS TO ALL CANDIDATES

1. Answer all questions.

1. The latest version on INCOTERMS was published in which year?
 - a) 2020
 - b) 2008
 - c) 2000
 - d) 2010
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 includes one of the following.
- CIP
 - CIF
 - DAT
 - FCA
24. On the airway bill which INCOTERMS is marked with PP(Prepaid)
- CIF
 - DAT
 - FCA
 - DDP
25. Which INCOTERM indicates that the shipper pays for all charges up until the cargo has been delivered to the airport of origin?
- DAT
 - FCA
 - FOB
 - CPT
26. With regard to airfreight transportation, the most commonly used terms includes one of the following.
- CIP
 - FOB
 - DAT
 - FCA
27. On the airway bill which INCOTERMS is marked with CC(Charges collect)
- CIF
 - DAT
 - FCA
 - FOB
28. Optimum transport solution is usually selected based on the following criteria except?
- Time
 - Cost
 - Quantity
 - Availability
29. What does air cargo industry facilitate?
- Shipment storage
 - Commerce
 - Cargo business
 - Trade
30. Today world trade is undergoing under a lot of changes due to many _____
- Players
 - Trading partners
 - Restrictions
 - Frequent changes
31. The trade patterns of the world are clearly reflected in _____
- Warehouse manuals
 - Airline industry as a whole
 - Ground handling companies manuals
 - Official airlines guide.(OAG)
32. Airfreight will _____ follow international trade patterns.
- Always
 - Most likely
 - Unusually
 - Invariably
33. The world trade patterns circulate the world East – West and in a more extend North- South and South – North.
- True
 - False

34. Impact of currency is one of the key concepts in international trade.
- True
 - False
35. Currency exchange rates vary _____
- Occasionally
 - Daily
 - In a fortnight
 - Monthly
36. A country with a strong currency has the financial potential to ____
- Trade
 - Form restrictions for export
 - Import
 - Export
37. Economic and trade restrictions is one of the key concepts in international trade.
- True
 - False
38. A country with a weak currency can sell its export commodities at
- A lower price
 - At a negotiable price
 - At a competitive price
 - 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
- Very low
 - Is negotiable
 - Is competitive
 - Is immense
40. Richer countries can afford to import goods other than basics such as the following except?
- Books
 - Food
 - Furniture
 - Toys
41. When a country imports goods it
- Weakens the position of the country's own producing companies
 - Strengthens its producing companies
 - Improves its bargaining power with the competition
 - Increases its gross domestic product.
42. Many governments feel pressure to create_____
- A potential market
 - A business partner
 - Protectionist policies
 - Trade laws.
43. Countries establish trade tariffs and quotas to?
- Encourage other countries to buy their goods
 - Encourage domestic counties to produce and export more goods
 - Establish a level playing field in international trade
 - Restrict the import of goods from abroad
44. Which country is in the best economic position to import high value added consumer goods.
- A country with a strong currency on the international market
 - A country with a weak currency on the international market
 - A country that does not produce those goods domestically
 - A country who government imposes a stringent trade tariff and quota system
45. An important factor in world trade is currency exchange rates , which vary _____
- In a fortnight
 - On a weekly basis
 - 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