

Knowledge Questionnaire Phase one: US 252429 | 252437 | 252418

This Knowledge Questionnaire forms a crucial part of the summative assessment for **Phase One: Introduction to Exporting** of the Global Exporter Passport Programme (GEPP). Its purpose is to evaluate the learner's foundational knowledge and understanding of the core concepts, principles, and procedures covered during the training.

Instructions for Learners

- This is an open-book assessment. You may refer to your Learner Guide and any notes from the training.
- Please answer all questions to the best of your ability.
- For multiple-choice questions, select the single best answer.
- For short-answer questions, provide detailed and comprehensive responses in the space provided. Use examples where requested to demonstrate your understanding.
- Ensure your answers are your own work. While this is an open-book test, plagiarism is not permitted.
- Write legibly.

Competency Requirement: A minimum score of 80% is required on this questionnaire to be declared 'Competent' for this component of the Portfolio of Evidence (PoE).

The questionnaire is designed to assess competence across the integrated unit standards:

- **US 252429:** Explain the Concept of International Trade (NQF Level 3, 6 Credits)
 1. **Specific Outcome 1:** Explain local and international trade and the protection of the integrity of international borders.

Question 1.1. Which of the following best defines international trade?

- a) The buying and selling of products and services within the same country.
- b) The exchange of goods and services between countries, giving rise to a world economy.
- c) The process of manufacturing goods for domestic consumption only.
- d) The government regulation of all commercial activities.

Question 1.2. In the table below, list and explain three key differences between local trade and international trade.

Feature	Local Trade	International Trade
1. Currency		
2. Legal System		
3. Logistics		

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Question 1.3. Explain two primary reasons why governments protect their international borders. For each reason, provide a specific example of a negative consequence if the border were not protected.

Question 1.4. What is meant by the term 'trade protectionism'? Provide two distinct examples of protectionist measures a government might implement.

2. **Specific Outcome 2:** Demonstrate an understanding of the international trade cycle and the various roles.

Question 2.1. The principle of 'comparative advantage' states that a nation should specialize in producing a good if it:

- a) Can produce that good with fewer resources than any other nation.
- b) Can produce that good at a lower opportunity cost than anyone else.
- c) the largest domestic market for that good.
- d) Can impose the highest tariffs on imports of that good.

Question 2.2. Differentiate between a bilateral trade agreement and a multilateral trade agreement. Provide one example of each that is relevant to South Africa.

Question 2.3. Explain the impact of a government imposing a 'tariff' on an imported product. How does this differ from imposing a 'quota'?

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Question 2.4. Identify and briefly describe the role of three different role-players in a typical international trade cycle.

3. **Specific Outcome 3:** Examine international logistics mechanisms including modes of transport.

Question 3.1. Which mode of transport is generally the fastest for long-distance international shipments but also the most expensive?

- a) Sea Freight
- b) Rail Freight
- c) Road Freight
- d) Air Freight

Question 3.2. A freight forwarder is a key player in international logistics. Describe three main functions or services that a freight forwarder provides to an exporter.

Question 3.3. When selecting a mode of transport for an export shipment, an exporter must consider several factors. List and briefly explain four of these factors.

Question 3.4. What is 'intermodal transportation'? Provide an example of an intermodal journey for a container being shipped from Johannesburg, South Africa, to Hamburg, Germany.

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4. **Specific Outcome 4:** Explain the different methods of international payment for goods, and the use of foreign currencies.

Question 4.1. From the exporter's perspective, which of the following payment methods carries the highest risk?

- a) Cash in Advance
- b) Confirmed Irrevocable Letter of Credit
- c) Open Account
- d) Documents Against Payment (D/P)

Question 4.2. Define a Letter of Credit (L/C) and explain its primary role in mitigating risk for both the exporter and the importer.

Question 4.3. An importer in South Africa agrees to pay a US supplier in US Dollars in 90 days. Explain the foreign exchange risk the importer faces and describe how a 'forward exchange contract' can be used to manage this risk.

Question 4.4. Compare a 'sight' Letter of Credit with a 'usance' (or deferred payment) Letter of Credit. What is the main difference for the exporter in terms of cash flow?

- **US 252437:** Interpret and Apply International Commercial Terms (NQF Level 3, 3 Credits)

5. **Specific Outcome 1:** Identify international commercial terms.

Question 5.1. The Incoterms® rules are published and maintained by which global organization?

- a) The World Trade Organization (WTO)
- b) The United Nations (UN)
- c) The International Chamber of Commerce (ICC)
- d) The World Customs Organization (WCO)

Question 5.2. What was the major change introduced in Incoterms® 2020 regarding the old 'DAT' (Delivered at Terminal) rule?

- a) It was removed entirely.
- b) It was renamed to DPU (Delivered at Place Unloaded) and its scope was broadened.
- c) It was merged with DAP (Delivered at Place).
- d) Its insurance requirements were increased.

Question 5.3. The 11 Incoterms® 2020 rules are divided into two main categories. What are these two categories based on?

Question 5.4. For each of the following acronyms, write out the full Incoterm® name:

FOB:	
CIP:	
EXW:	
DDP:	

6. **Specific Outcome 2:** Explain buyers' and sellers' responsibilities.

Question 6.1. Under the EXW (Ex Works) Incoterm®, who is responsible for arranging and paying for the main international transport?

- a) The seller
- b) The buyer
- c) The freight forwarder
- d) The responsibilities are shared equally.

Question 6.2. Under the DDP (Delivered Duty Paid) Incoterm®, which party has the maximum obligation, including the responsibility for import customs clearance and payment of duties?

- a) The buyer
- b) The seller
- c) The customs broker
- d) The carrier

Question 6.3. A South African company sells goods to a customer in Brazil on FOB Durban (Incoterms® 2020) terms. Describe the precise point at which the risk of loss or damage to the goods transfers from the seller to the buyer.

Question 6.4. Compare the seller's insurance obligations under the CIF (Cost, Insurance and Freight) rule versus the CFR (Cost and Freight) rule.

7. **Specific Outcome 3:** Make recommendations.

Question 7.1. A new, inexperienced exporter with limited financial resources and a small logistics team wants to minimize their risk and responsibilities. Which Incoterm® would you recommend they use for their first few shipments, and why?

Question 7.2. A buyer in a landlocked country like Zambia wants to purchase goods from a supplier in China. The buyer wants the seller to arrange and pay for transport all the way to a named place in Lusaka, but the buyer will handle import clearance and duties. Which "D" term would be most appropriate for this scenario?

Question 7.3. Why is it generally not recommended to use FOB or CIF for containerized cargo? Which Incoterm® is the recommended modern equivalent for FOB in a containerized shipment?

- **US 252418:** Perform processes and procedures required for the administration of export transactions (NQF Level 3, 6 Credits)

8. **Specific Outcome 1:** Plan an export sales transaction.

Question 8.1. What is the primary purpose of a Proforma Invoice in an export transaction?

- a) It is the final bill sent to the buyer after the goods have been delivered.
- b) It is a document used only for internal company accounting.
- c) It is a preliminary bill or quotation sent to the buyer, often used to arrange financing or import permits, and forms the basis of the sales contract.
- d) It is a transport document issued by the carrier.

Question 8.2. List four essential pieces of information that must be included on a Proforma Invoice.

Question 8.3. When planning an export sales transaction, you must analyse the order to determine logistics and cost parameters. Describe two cost parameters you would need to consider when preparing an export costing for a shipment.

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9. **Specific Outcome 2:** Arrange export logistics.

Question 9.1. When arranging export logistics, you need to communicate requirements to affected parties. Besides the carrier, name two other parties you might need to communicate with to finalize the transaction.

Question 9.2. Explain one potential negative consequence of insufficient logistics planning on customer relations.

10. **Specific Outcome 3:** Carry out export finance and risk management functions.

Question 10.1. What is the key difference between a 'Bill of Lading' (for sea freight) and an 'Air Waybill' (for air freight) in terms of it being a 'document of title'?

Question 10.2. If an exporter is selling on CIP (Carriage and Insurance Paid To) terms, they are obligated to arrange insurance. What is this type of insurance, which covers goods in transit, commonly called?

- a) Life Insurance
- b) Property Insurance
- c) Marine Insurance (or Cargo Insurance)
- d) Liability Insurance

Question 10.3. Describe the risk of 'buyer non-payment' and name one method or financial instrument an exporter can use to mitigate this risk.

11. **Specific Outcome 4:** Export in compliance with statutory requirements.

Question 11.1. What is the purpose of a Certificate of Origin in an export transaction, especially in the context of a trade agreement like SADC or AfCFTA?

Question 11.2 Name two South African government bodies or agencies involved in regulating or facilitating exports

12. **Specific Outcome 5:** Monitor and control export transactions.

Question 12.1. After an export order is confirmed, monitoring its internal progress is crucial. Name two internal stages or departments you would need to monitor to ensure the order is fulfilled on time.

Question 12.2. If goods are damaged during transit and the exporter was responsible for insurance (e.g., under CIF terms), what is the first step the exporter should take to administer the loss?

Score:	
Total:	100
Percentage:	%

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