



## **Concours CAE session 2015**

**Composition : Anglais 1**

**Durée : 3 Heures**

### **Risks in International Trade**

Both sides face risks in an export transaction. This is because there is always the possibility that the other side may not fulfill the contract.

For the exports there is the risk of buyer default; the customers might not pay in full for the goods. There are several possible reasons for this: the importer might go bankrupt; a war might start or the importer's government might decide to ban trade with the exporting country; or they might ban imports of certain commodities. Another possibility is that the importers might run into difficulties getting the foreign exchange to pay for the goods. It is even possible that the importers are not reliable. And simply refuse to pay for the agreed amount of money.

For the importers there is the risk that the goods will be delayed and they might only receive them a long time after paying for them. This may be caused by port congestion or strikes. Delays in fulfillment of orders by exporters and difficult customs clearance in the importing country can cause loss of business. It is to guard against such possibilities that different methods of payment have been developed.

Many of the risks in foreign trade are reduced by the work of the banks. They provide several services which give security to exporters and importers. The risk of buyer default or non-delivery by exporters is removed by the method of payment against shipping documents. Also exporters' banks provide information about the financial reliability of their customers. They also help arrange buyer credit or finance for the sellers. Without this a lot of trade would not take place at all.

There is also a risk of financial loss because of a change in the exchange rate. If an India exporter agreed to sell goods for dollars and the value of the dollar in terms of rupees went down, the exporter would get fewer rupees for the dollars, conversely, if the price of the dollar went up, the importers would lose money. An Arabian importer would have to pay more rials to buy the dollars. This kind of loss can happen in any export – import situation where the national currencies go up and down in terms of the payment currency, whether it is Euros, Sterling, Yen or Swiss Franc. But the risk can be avoided, with the help of a bank, by buying the foreign exchange on the forward exchange market.

An exporter who is due to receive dollars arranges to sell them at a price fixed in the present but for delivery in two or three months. The time for delivery of the dollars depends on the length of credit given to the importers. At the same time the importers can arrange to buy dollars forward. In each case the traders pay for a premium, but they can base their calculation on fixed exchange rates and avoid uncertainty and risk of loss.

Excerpt from Francis Radice (1986)

**Part one: Matching [6 points]** Docs à portée de main

**Instruction: Match the words on the left with words on the right**

Risk	Design over a long period
Go bankrupt	Fall financially
Refuse	Meet
Develop	Work stoppage
Run into	Be unwilling
Strikes	Danger

**Part two: Guessing (work on your exam paper)**

**[8.5 pts]**

**Instruction: Use contextual clues to guess the best meanings of these words**

**Example: X (b)**

**Y (a)**

1. Fulfill a. agree with	b. receive (get)	c. perform (do)
2. Fulfillment a. agreeing with	b. sending out	c. executing (doing)
3. Default a. failure	b. success	c. mistake
4. Ban a. Permit (allow)	b. increase (spread)	c. prohibit (stop)
5. Foreign exchange a. a kind of transport	b. a kind of money	c. a kind of holiday
6. Reliable a. trustworthy	b. hopeful	c. thoughtful
7. Reduce a. made smaller	b. made bigger	c. taken away
8. security a. safety	b. danger	c. help
9. removed a. increased	b. taken away	c. decreased
10. financial reliability a. the amount of money	b. honesty with money	c. company size
11. buyer credit a. the buyer pays for the goods later	b. the buyer pays for the goods in advance	c. the buyer gives the seller time to pay
12. finance a. payment	b. help	c. loans
13. exchange rate trade a. the speed of international trade	b. the speed of currency price change	c. the price of one money in terms of another
14. conversely a. happily	b. the other way round	c. unfortunately
15. currency a. money	b. letter	c. coins
16. premium a. price	b. tax	c. present
17. forward a. to be sent on	b. for future delivery	c. moving towards the front

### Part three: Production A [4 points]

**Instruction: Use the words in the list to complete these sentences**

Work on your exam paper. Do not rewrite the sentences, just give your choices.

Example:

- a. banana
- b. coconut

Fulfill; refused; foreign exchange; risks; banned; bankrupt; reliable; defaulted.

- a. Because it was ----- the company could not pay the people who had supplied it with goods.
- b. All countries need ----- to pay for imports.
- c. Before dealing with a buyer one should always make sure they are -----.
- d. The new government ----- all trade with several countries.
- e. Several companies have ----- and are unable to pay their accounts.
- f. It took ten years for the government to ----- its economic plan.
- g. In all business there are ----- of losing money.
- h. The man ----- to go away until he had seen the manager.

### Part four: Production B [22 pts]

**Instruction: Supply one suitable word for each space**

**Do not rewrite the paragraph, just give your choice. Example: 1. Chocolate; 2. Coffee, etc...**

Every exporter has problems of getting (1) ----- . There are even risks of buyer (2) ----- in rich countries. The importers might (3) ----- bankrupt or the government might not (4) ----- the importers to buy the payment (5) ----- . On the other hand there are (6) ----- problems. The sellers need to be (7) ----- in advance but buyers have no (8) ----- and (9) ----- need credit. The sellers must (10) ----- good terms, otherwise they will lose (11) ----- customers who will look for other (12) ----- . There are also problems caused by (13) ----- rates and changes of value of (14) ----- payment currency. If it falls, the (15) ----- loses money. Both sellers and buyers (16) ----- to be sure that the other (17) ----- will fulfill their side of the (18) ----- . The exporters want to be paid (19) ----- full at the right time and (20) ----- importers want the right goods delivered (21) ----- time. These problems can be solved (22) ----- the banks acting as advisers.

## Part Five: Reading comprehension [5 points]

Many companies are authorized to use the stock exchange to trade their shares. Read the following newspaper headlines and decide whether the companies' performances are good or bad. Write ++ or – in front of a letter.

Make your choices on your exam paper and not on this sheet of paper.

Example:

X: --

Z: ++

a. Selected Spirits have cause to celebrate	++	--
b. Body Cosmetics sees sharp fall in first quarter after the company chairman had resigned.	++	--
c. Worldwide Computing rallied after early losses.	++	--
d. IBM stocks suffered a drop after disappointing quarterly results.	++	--
e. CIBA shares rocketed after the discovery of a new drug that will cure people of wanting to get rich on the stock exchange.	++	--
f. In Milan, shares eased slightly in subdued trading.	++	--
g. Eurotunnel failed to halt its slide and went through the floor, finishing at 0.14.	++	--
h. Euro-Disney shares sank again, after Mickey got caught in a mousetrap.	++	--
i. Compaq profits reach record high.	++	--
J. Japanese Dako's shares rebounded, the Nikkei closing at 20666.93	++	--

## Part six: Translation into French [10 points]

**Instruction: Translate each sentence of part five into French**

## Part seven: Translation into English [10 points]

**Instruction: Translate the paragraph below into English**

A la bourse des valeurs, vendeurs et acheteurs ne se rencontrent jamais ; pourtant ils font de très bonnes affaires au nom de leurs mandants<sup>1</sup>. C'est l'occasion pour les haussiers et les baissiers de se faire plaisir en se battant pour leurs mandants respectifs. Les premiers travaillent pour asseoir un marché à la hausse, les seconds pour l'avènement d'un marché à la baisse. Mamegnam y a travaillé pendant 30 ans avant de prendre une retraite méritée en 2012. Depuis combien de temps y travaillait-elle lorsque Jérôme Kerviel occasionna le crash de la Société Générale en 2010?

<sup>1</sup> Mandants: Principals