



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **BUS2113 International Trade**
Semester & Year : January – April 2023
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:

PART A (60 marks) : TEN (10) short answer questions. Answers are to be written in the Answer Booklet provided.

PART B (40 marks) : TWO (2) essay questions. Answers are to be written in the Answer Booklet provided.

2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.

3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.

4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple-choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students’ Handbook, up to and including expulsion from BERJAYA University College.

PART A

: SHORT ANSWER QUESTIONS (60 MARKS)

INSTRUCTION (S)

: Answer all **TEN (10)** short answer questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

Describe **FOUR (4)** reasons for trade to happen between countries.

(8 marks)

Question 2

Given real wage rate in Thailand is higher than that in Bangladesh, explain **THREE (3)** ways how internationally trade would affect real wages between them under a perfectly mobile labour movement.

(6 marks)

Question 3

Describes **TWO (2)** roles of multinationals in terms of foreign sourcing and exports.

(4 marks)

Question 4

Explain **TWO (2)** behaviours of the stepped-shape relative demand for labor in a two-country of multiple-good Ricardian model.

(4 marks)

Question 5

Describe **TWO (2)** reasons why growth may be biased.

(4 marks)

Question 6

Explain **THREE (3)** consequences of winners and losers when the Chinese government subsidized exports of solar panel to the United States, and when United States responded by imposing a tariff on solar panel imports from China.

(6 marks)

Question 7

Explain **THREE (3)** ways a localized industrial cluster can create a pooled market that is advantageous for employers and employees.

(6 marks)

Question 8

“Tariff” and “import quota” policies impact a monopolistic domestic firm differently. Describe **THREE (3)** impacts of each of the two policies.

(6 marks)

Question 9

Describe **FOUR (4)** components of the Heckscher Ohlin Model.

(8 marks)

Question 10

Explain **FOUR (4)** roles of World Trade Organization (WTO).

(8 marks)

[Total: 60 marks]

END OF PART A

PART B**: ESSAY QUESTIONS (40 MARKS)****INSTRUCTION (S)**: Answer all **TWO (2)** essay questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

In the United States (US), inverse demand is $P = 28 - 2Q_D$, while inverse supply is $P = 12 + 2Q_S$. In the rest of the world (ROW), inverse demand is $P^* = 20 - 2Q^*_D$, while inverse supply is $P^* = 4 + 2Q^*_S$. Determine:

- a. The US autarky price and quantity. (2 marks)
- b. The US import demand (including slope-intercept form). (4 marks)
- c. The ROW autarky price and quantity. (2 marks)
- d. The ROW export supply (including slope-intercept form). (4 marks)
- e. The free trade price and US imports under free trade. (2 marks)
- f. The US quantity demanded and quantity supplied under free trade. (2 marks)
- g. The US tariff-ridden import demand for a specific tariff $t = 4$ (including slope-intercept form). (1 mark)
- h. The ROW price, the US price, and US imports with the tariff. (3 marks)

[Total: 20 marks]**Question 2**

Malaysia has 300 units of labour while there are 500 units of labour in Indonesia. When they produce, the countries have the following unit labour requirements:

	Malaysia	Indonesia
Camera	15	20
Rugs	10	20

- a. Determine:
 - i. The relative price of rugs to cameras in Malaysia if there is no trade. (2 marks)
 - ii. Which product will Malaysia produce if Malaysia and Indonesia are completely specialized when they trade? (2 marks)
- b. Draw the production possibility frontier for Malaysia. If Malaysia only produces the good in which it has a comparative advantage, where will its production point be on the production possibility frontier? Explain. If the post-trade world price is at 1, show whether there are gains from trade or not. (5 marks)
- c. Does Indonesia benefit from trade when the world price for rugs to cameras is 1? Explain. (3 marks)

- d. Draw a world supply diagram which shows rug production relative to cameras. Label all axes, curves, intercepts, and kink points. (5 marks)
- e. Draw a relative demand curve to your diagram that implies that Malaysia is incompletely specialized. (3 marks)

[Total: 20 marks]

END OF EXAM PAPER