



**FACULTY OF BUSINESS**

**FINAL EXAMINATION**

Student ID (in Figures) : 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) : \_\_\_\_\_  
\_\_\_\_\_

Course Code & Name : **BUS2113 International Trade**  
Semester & Year : May – August 2022  
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**

Explain the changing pattern of world trade.

(5 marks)

**Question 2**

Using the Gravity Model, explain on Malaysia trade with the United States (US).

(5 marks)

**Question 3**

Explain how opportunity cost determines that a country has the competitive advantage.

(5 marks)

**Question 4**

Given real wage rate in Malaysia is higher than that in Bangladesh, how would international trade affect real wages between them under a perfectly mobile labour movement? Explain.

(5 marks)

**Question 5**

The world's poorest countries cannot find anything to export. There is no resource that is abundant – certainly not capital or land, and in small poor nations not even labour is abundant." Describe **TWO (2)** situations by providing **ONE (1)** example each.

(6 marks)

**Question 6**

Assume Indonesia and China are trading partners. Indonesia initially exports palm oil to and imports lubricants from China. Using the standard trade model, explain how an increase in the relative price of palm oil, in relation to lubricant prices, would affect production and consumption of palm oil for Indonesia (assuming that the taste for both goods is the same in both countries).

(5 marks)

**Question 7**

Define internal economies of scale and external economies of scale, and for each of the following examples, explain whether it is a case of external or internal economies of scale:

(2 marks)

a. Almost all Hermès products are manufactured in France. (2 marks)

b. Apple has its displays mainly made in Japan and some made in Korea. (2 marks)

c. All units of Toyota Land Cruiser and Prius sold in the U.S. market are assembled in Japan. (2 marks)

d. Gerber used to be an American-owned company, now a subsidiary of the Nestlé Group. (2 marks)

**Question 8**

Explain how import quotas impact an import-competing firm who is the only domestic producer of a good.

(5 marks)

**Question 9**

Explain how tariff and import quota policies impact a monopolistic domestic firm differently.

(6 marks)

**Question 10**

Explain how BREXIT happened.

(8 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**

Home has 1,200 units of labour available. It can produce two goods, apples, and bananas. The unit labour requirement in apple production is 3, while in banana production it is 2. Foreign, has a labour force of 800. Foreign's unit labor requirement in apple production is 5, while in banana production it is 1.

- a. Graph and explain home's production possibility frontier. (2 marks)
- b. What is the opportunity cost of apples in terms of bananas at Home? Explain. (4 marks)
- c. At home, in the absence of trade, what would be the price of apples in terms of banana? Explain. (3 marks)
- d. Graph and explain Foreign's production possibility frontier. (2 marks)
- e. Construct and explain the world relative supply curve. (9 marks)

[Total: 20 marks]

**Question 2**

Home demand is  $P = 48 - 2Q$ , and Home supply is  $P = 16 + 2Q$ . Foreign demand is  $P^* = 32 - 2Q^*$ , and Foreign supply is  $P^* = 2Q^*$ . Determine:

- a. The Home autarky price. (3 marks)
- b. The Home import demand. (4 marks)
- c. The Foreign autarky price. (3 marks)
- d. The Foreign export supply. (4 marks)
- e. The world price under free trade. (2 marks)
- f. The Home imports under free trade. (1 mark)
- g. The Foreign exports under free trade. (1 mark)
- h. The Home quantity demanded and quantity supplied under free trade. (2 marks)

[Total: 20 marks]

END OF EXAM PAPER