



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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

Student ID (in Words) : _____

Course Code & Name : **BUS2113 INTERNATIONAL TRADE**
Semester & Year : Sep 2021 - Dec 2021
Lecturer/Examiner : Goh Poh Kim
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (60 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.
PART B (40 marks) : Answer all 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.

Total Number of pages = 3 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (60 MARKS)

INSTRUCTION(S) : Answer all **THREE (3)** questions on the answer booklet(s) provided.

Question 1

Differentiate the following terms related to International Trade.

- a. Tariffs vs Subsidies
- b. Comparative Advantage vs Absolute Advantage
- c. Export-biased Growth vs Import-biased Growth
- d. Horizontal FDI vs Vertical FDI
- e. Voluntary Export Restraint vs Import Quota

(20 marks)

Question 2

Use the information in the table below to answer the following questions.

Production per unit of Labor:		
	U.S	Argentina
Wheat	200	20
Beef	100	80

- a. Explain how either country have an absolute advantage in the production of wheat or beef. (4 marks)
- b. Calculate the opportunity cost of wheat in each country? (4 marks)
- c. Calculate the opportunity cost of beef in each country? (4 marks)
- d. Analyze the comparative advantage and opportunities for trade between the U.S. and Argentina. (8 marks)

[Total: 20 marks]

Question 3

There are many factors that can influence a country to trade with each other. Discuss **FIVE (5)** of such factors.

(20 marks)

END OF PART A

PART B : **ESSAY QUESTIONS (40 MARKS)**
INSTRUCTION(S) : Answer all **TWO (2)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

Both tariffs and subsidies influence the terms of trade and therefore national welfare.

- a) Discuss the effect of price of food relative to price of cloth if the home country imposes a tariff on food imports.

(10 marks)

- b) Discuss the effect of price of cloth relative to price of food if the home country imposes a subsidies on cloth exports.

(10 marks)

[Total: 20 marks]

Question 2

- a) Economies of scale could mean either that larger firms or a larger industry would be more efficient. Differentiate between External economies of scale and Internal economies of scale.

(5 marks)

- b) Discuss **THREE (3)** scenarios where external economies may exist.

(15 marks)

[Total: 20 marks]

END OF EXAM PAPER