UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EEB21003
COURSE NAME	:	INTERNATIONAL ECONOMICS & TRADE
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS) INTERNATIONAL BUSINESS
DATE	:	8 FEBRUARY 2024
TIME	:	9.00 AM – 12.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **TWO (2) Sections; Section A and Section B**.
4. Answer **ALL** questions in **Section A and Section B**.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE THREE (3) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

The table 1 depicts the amount of cocoa and palm oil produced per unit of labor in Malaysia and Indonesia.

Table 1: Production of Cocoa and Palm Oil

Countries	Cocoa (units)	Palm Oil (units)
Malaysia	300	100
Indonesia	20	20

Based on the above table 1, answer the questions below.

(a) Does either country have an absolute advantage in the production of cocoa or palm oil? Explain.

(5 marks)

(b) What is the opportunity cost of cocoa in each country?

(5 marks)

(c) What is the opportunity cost of palm oil in each country?

(5 marks)

(d) Analyze comparative advantage and opportunities for trade between Malaysia and Indonesia.

(5 marks)

Question 2

(a) What is the difference between Gross Domestic Product (GDP) and Gross National Product (GNP)?

(4 marks)

(b) How do changes in Gross Domestic Product (GDP) and Gross National Product (GNP) affect a country's economy?

(6 marks)

(c) Calculate Gross National Product (GNP), Net National Product (NNP), National Income, Personal Income and Disposable Income by using the information in Table 2.

(10 marks)

Table 2: National Income of Malaysia

Components	Amount (RM-Million)
GDP	8000
Receipts of factor from the rest of the world	250
Payments of factor income to the rest of the world	300
Depreciation	900
Direct taxes less subsidies	500
Corporate profit less dividend	500
Social insurance payment	700
Personal interest receives from government and consumer	300
Transfer payment to personals	1100
Personal taxes	1000

SECTION B: ESSAY QUESTIONS (Total: 60 marks)

INSTRUCTION: Answer ALL questions
Please use the answer booklet provided.

Question 3

Is Purchasing Power Parity (PPP) a theory of exchange rate determination in the long run or in the short run? Explain your answer.

(15 marks)

Question 4

If opening to free trade would benefit a nation, then why do nations not just eliminate their trade barriers and not bother with international trade negotiations?

(20 marks)

Question 5

The international financial system has gone through major scrutiny after the 2007-2008 Financial Crisis. Is the International Monetary Fund (IMF) still necessary due to this? Does it require reform, and if so, what functions should it include?

(25 marks)

END OF EXAMINATION PAPER