



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EGB20303
COURSE NAME : INTERNATIONAL ECONOMICS
PROGRAMME NAME : BACHELOR OF SCIENCE (HONOURS) IN
ANALYTICAL ECONOMICS
DATE : 23 JUNE 2025
TIME : 2.00 PM – 5.00 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 in 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**

"In a two-factor economy, Country A is labor-abundant, and Country B is capital-abundant. Both countries produce two goods: textiles (labor-intensive) and machinery (capital-intensive)". Using the Heckscher-Ohlin model, answer the following:

- (a) Which good will Country A specialise in and export? Why? (3 marks)
- (b) Which good will Country B specialise in and export? Why? (3 marks)
- (c) How will trade affect the relative prices of textiles and machinery in both countries? (4 marks)
- (d) What is the expected impact on the income of labor and capital in Country A after trade? Briefly explain. (5 marks)
- (e) How does the factor-endowment difference lead to comparative advantage in this model? (5 marks)

Question 2

- (a) Use a proper formula to calculate the profit or loss for each trade. Assume 1 standard lot = 100,000 units and 1 mini lot = 10,000 units.
 - i. A trader buys 2 standard lots of AUD/USD at 0.6700 and sells at 0.6780.
Lot size: 100,000 (2 marks)
 - ii. A trader sells 1 mini lot of USD/CAD at 1.3600 and exits the position at 1.3450.
Lot size: 10,000 (2 marks)
 - iii. A trader buys 0.5 lots of EUR/USD at 1.0950 and sells at 1.0900.
Lot size: 100,000 (2 marks)
 - iv. A trader sells 1 lot of USD/JPY at 146.80 and closes at 148.10.
Lot size: 100,000 (2 marks)

- v. A trader buys 3 mini lots of GBP/USD at 1.2600 and sells at 1.2550.

Lot size: 10,000

(2 marks)

- (b) Provide a list of five advantages and five disadvantages of economic integration. (10 marks)

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SECTION B: ESSAY QUESTIONS (Total: 60 marks)**INSTRUCTION: Answer ALL questions**

Please use the answer booklet provided.

Question 3

In what ways does the Heckscher-Ohlin theory explain trade patterns differently from earlier trade theories, particularly in relation to factor endowments?

(20 marks)

Question 4

"National income accounting is important for analysing a nation's economic progress. Despite its usefulness, it faces various shortcomings. Describe these weaknesses in your own words and use examples to illustrate why they are significant when assessing a country's overall economic health."

(20 marks)

Question 5

In what way did the trade conflict between the United States and China impact prices in both countries in 2025? Describe tariffs and their impact on the prices of goods, consumers, and businesses during the trade war. Use real examples to support your answer.

(20 marks)

END OF EXAMINATION PAPER