CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EEB21303
COURSE TITLE	:	INTERNATIONAL TRADE AND ECONOMY
PROGRAMME NAME	:	BACHELOR OF SCIENCE (HONOURS) IN ANALYTICAL ECONOMICS
DATE	:	26 JUNE 2026
TIME	:	9:00AM - 12:00PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consist of TWO sections.
4. Answer ALL questions for Section A.
5. Section B consist of four questions. Answer THREE (3) questions only.
6. Please write your answer on the answer booklet provided.
7. Please answer all questions in English only.
8. Please answer MCQ/EMQ questions using OMR sheet. ☐ *Tick if applicable*
9. Refer to the attached Formula/ Appendies. ☐ *Tick if applicable*

THERE ARE 7 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 40 marks)

Answer ALL questions.

Please use the answer booklet provided.

Question 1

A country imports wheat. The world price of wheat is $8 per unit. The government considers two trade policies:

Policy A (Tariff): A tariff of $2 per unit is imposed on all imported wheat. Imports remain at 150 units.

Policy B (Quota): A quota limits imports to 150 units, causing the domestic price to rise to $11 per unit.

(a) Calculate the new price of wheat under the tariff.

(3 marks)

(b) Calculate the government revenue from the tariff.

(3 marks)

(c) Calculate the quota rent under the quota system.

(4 marks)

(d) Explain one difference between a tariff and a quota.

(5 marks)

(e) State one advantage of a quota over a tariff.

(5 marks)

Question 2

You are required to answer ALL questions.

(a) Give two features of export promotion strategy.

(4 marks)

(b) State two benefits of trade liberalisation.

(4 marks)

(c) Give two disadvantages of import substitution.

(6 marks)

(d) State two reasons why developing countries adopt import substitution policies.

(6 marks)

SECTION B (Total: 60 marks)

Answer THREE (3) questions only.

Please use the answer booklet provided.

Question 1

You are required to answer ALL questions.

(a) "Environmental regulations do more harm than good to international trade." Discuss.

(10 marks)

(b) Country X is facing a severe balance of payments deficit, high inflation, and declining foreign reserves. The government is seeking assistance from international institutions to stabilise its economy.

Discuss how the International Monetary Fund can help Country X address these problems.

(10 marks)

Question 2

You are required to answer ALL questions.

(a) Malaysia has implemented stricter environmental regulations on industries such as manufacturing and palm oil production to reduce pollution and deforestation.

Discuss how these regulations affect international trade and investment in Malaysia.

(10 marks)

(b) Country Y has imposed high tariffs to protect its domestic industries, leading to trade disputes with its trading partners.

Evaluate how the World Trade Organisation can help resolve this situation.

(10 marks)

Question 3

You are required to answer ALL questions.

(a) A country increases its environmental regulations, leading to higher production costs for domestic firms. At the same time, imports from countries with weaker environmental laws increase.

Explain this situation using economic reasoning and suggest possible policy responses.

(10 marks)

(b) Country B is experiencing increasing unemployment and slow economic growth due to weak industrial development. Its exports are declining because of high production costs and lack of competitiveness in global markets. The government is considering joining a regional trade agreement and seeking financial assistance from international institutions.

Using relevant global trade institutions, discuss how Country B can improve its economic situation.

(10 marks)

Question 4

You are required to answer ALL questions.

(a) The European Union has introduced a carbon tariff mechanism on imported goods to reduce global emissions. Several developing countries argue that this policy increases their export costs and limits market access.

Using economic reasoning, evaluate the impact of carbon tariffs on international trade and environmental sustainability.

(10 marks)

(b) Country A is considering joining a regional trade agreement to improve its trade performance and attract foreign investment.

Evaluate the benefits and costs of joining a regional trade agreement such as the Association of Southeast Asian Nations.

(10 marks)

END OF EXAMINATION PAPER