CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EGB20303
COURSE TITLE	:	INTERNATIONAL ECONOMICS
PROGRAMME NAME	:	BACHELOR OF SCIENCE (HONOURS) IN ANALYTICAL ECONOMICS
DATE	:	22 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 5 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 40 marks)

Answer ALL questions.

Please use the answer booklet provided.

Question 1

An open economy is described by the following data (in billion RM):
Gross Domestic Product (GDP) (Y) = 1,500
Consumption (C) = 900
Government Expenditure (G) = 300
Taxes (T) = 250
Investment (I) = 400
Net Factor Income from Abroad (NFIA) = −50

(a) Calculate:

i. Public saving

(2 marks)

ii. Private saving

(2 marks)

iii. National saving

(2 marks)

(b) Using the appropriate national income identity, calculate net exports (NX).

(4 marks)

(c) State whether the economy is experiencing a current account surplus or deficit and explain its implication.

(4 marks)

(d) Explain how a budget deficit may lead to a current account deficit.

(6 marks)

Question 2

A country imports smartphones with the following information:
World price = RM800 per unit
Quantity imported = 2,000 units
Government imposes:
Specific tariff = RM100 per unit
Ad valorem tariff = 15%

(a) Answer the question about specific tax.

i. Define specific tariff

(2 marks)

ii. Calculate the new domestic price

(2 marks)

iii. Determine the tariff revenue earned by the government

(3 marks)

iv. Explain the effects on consumers and imports

(3 marks)

(b) Answer the question about ad valorem tax.

i. Define ad valorem tariff

(2 marks)

ii. Calculate tariff per unit

(2 marks)

iii. Calculate total tariff revenue

(3 marks)

iv. Compare which tariff is more effective in raising revenue

(3 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) Explain how the Law of One Price supports Purchasing Power Parity (PPP).

(10 marks)

(b) Explain how the Bretton Woods System promoted international trade and why it eventually failed, with examples.

(10 marks)

Question 2

You are required to answer ALL questions.

(a) Compare the impact of interest rates and inflation expectations on exchange rates in the short run.

(10 marks)

(b) Discuss the advantages and disadvantages of the Bretton Woods System.

(10 marks)

Question 3

You are required to answer ALL questions.

(a) Compare exchange rate determination in the short run and long run.

(10 marks)

(b) Explain the role of the International Monetary Fund (IMF) and provide examples of its functions.

(10 marks)

Question 4

You are required to answer ALL questions.

(a) Explain how inflation affects exchange rates in the long run using the Purchasing Power Parity (PPP) theory.

(10 marks)

(b) Explain the main features of the Gold Standard System and provide examples of how it worked.

(10 marks)

END OF EXAMINATION PAPER