CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EEB21003
COURSE NAME	:	INTERNATIONAL ECONOMICS & TRADE
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS) INTERNATIONAL BUSINESS
DATE	:	22 JUNE 2026
TIME	:	2:00PM - 5:00PM
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. All questions must be answered in **English** (any other language is not allowed).
6. **This question paper must not be removed from the examination hall.**

THERE ARE 4 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

The table below shows the economic data for Country Malaysia (in RM billion)

Item	Value
Private consumption	2,300
Government consumption	600
Gross private investment	850
Government investment	150
Exports of goods & services	900
Imports of goods & services	1,100
Net factor income from abroad	–40
Net transfers	–20
Depreciation	180

(a) Calculate the Gross Domestic Product (GDP) and clearly show the formula used, including all steps involved in the calculation.

(4 marks)

(b) Compute the Gross National Product (GNP). In your answer, clearly state the formula used and show all calculation steps.

(3 marks)

(c) Compute the Net National Product (NNP). In your answer, clearly state the formula used and show all calculation steps.

(2 marks)

(d) Compute the National Savings. In your answer, clearly state the formula used and show all calculation steps.

(4 marks)

(e) Determine the Current Account (CA) balance. Present the formula clearly and show each step of your calculation.

(4 marks)

(f) State whether the Current Account position reflects a surplus or a deficit and explain your answer with reasoning.

(3 marks)

Question 2

(a) What is an import tax? Why do governments impose it?

(4 marks)

(b) What is ad valorem tax? How is it different from specific tax?

(4 marks)

(c) If the import price increases, which tax (specific or ad valorem) will generate more revenue? Explain briefly.

(6 marks)

(d) A country imposes: Specific tax = $4 per unit, Ad valorem tax = 10%. An importer brings in 1,000 units priced at $25 each. Calculate:

- (i) Total specific tax
- (ii) Total ad valorem tax
- (iii) Total tax

(6 marks)

SECTION B: ESSAY QUESTIONS (Total: 60 marks)

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

Question 3

(a) A country's currency appreciates rapidly. Using both Purchasing Power Parity (PPP) and short-run exchange rate theories, explain the possible reasons and potential effects on trade and investment. (10 marks)

(b) Analyse the role of the International Monetary Fund (IMF) in fostering global financial stability, including its key functions, achievements, and the criticisms it has faced.
(10 marks)

Question 4

(a) Discuss the relationship between inflation, Purchasing Power Parity (PPP), and long-run exchange rate movements.
(10marks)

(b) Discuss the Gold Standard System by highlighting its main features, as well as its advantages and disadvantages. In what ways did it shape international trade and contribute to financial stability during its era? (10 marks)

Question 5

(a) How can central banks influence short-run exchange rates, and why might these interventions fail to affect long-run equilibrium?
(10 marks)

(b) Compare and contrast the Gold Standard System and the Bretton Woods System in terms of their structure, advantages, and challenges. Which system was more effective in maintaining global financial stability?
(10 marks)

END OF EXAMINATION PAPER