

Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and
Management



THIRD YEAR FIRST SEMESTER EXAMINATION – JUNE / JULY 2017

EMG 341 -- 2 International Trade and Finance



(Total 25 marks)

(03).

- (a). Briefly discuss Comparative Advantage and Relative Advantage in international trade providing your own examples (10 marks)
- (b). "Even though, above theories were in the beginning of the development of study on international trade, these theories are still valid in explaining the current trade relations among deferent economies". Do you agree with the above statement? justify your answer. (10 marks)
- (c). Gains from trade is mainly due to "specialization". Discuss this statement. (05 marks)
- (Total 25 marks)

(04).

"Availability of particular resource matters in International Trade". Discuss the above statement using Heckscher Ohlin International Trade Model. (Total 25 marks)

(05).

"Gravity model explains that size of the economy and the distance of trade partners also matters in International Trade"

- (a). Explain the gravity model of International Trade. (13 marks)
- (b). Discuss two empirical examples of International Trade that can be explained by the gravity model of international trade. (12 marks)
- (Total 25 marks)

(06).

- (a). What is a balance of payment?
- (b). What is a trade deficit?
- (d). Is a trade deficit a problem for an economy?
- (e). Discuss the recent behavior of trade balance in Sri Lanka

(6 marks)

(6 marks)

(6 marks)

(7 marks)

(Total 25 marks)

(07).

Write short notes on any five (5) of the following

(05 marks for each)

- (a). Production Possibility Frontiers
- (b). Decreasing Opportunity Cost
- (c). Mercantilists' View on Trade
- (d). ECTA
- (e). Trade Barriers
- (f). Trade Direction of Sri Lanka
- (g). World Trade Organization

(Total 25 marks)

