THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE IN SOCIAL SCIENCES – LEVEL 5
FINAL EXAMINATION – 2016/17
SSU3131 – INTERNATIONAL ECONOMICS

DURATION: THREE HOUR (03 HOUR)

Date: 12th November 2016 **Time: 09.30 A.M. – 12.30 P.M**

Instructions:

- **Answer 5 questions only**

1. (a) What are the recent trends and patterns in world trade? Briefly explain. (8 Marks)
   (b) Compare the assumptions of early trade theories of international trade (12 Marks)

2. (a) Briefly explain why countries need trade barriers. (8 Marks)
   (b) Describe the effects of a tariff using a diagram (12 Marks)

3. (a) What are the uses of international trade regulations? (8 Marks)
   (b) Comment on the Sri Lanka's trade and investment policy during different economic regimes? (12 Marks)

4. (a) What are the trade characteristics of developing nations with compared to developed nations? (8 Marks)
   (b) Describe the economic growth strategies of developing countries. (12 Marks)

5. (a) What is the meaning of "Preferential Trade Agreements" (8 Marks)
   (b) Explain the main regional trade agreements of Sri Lanka. (12 Marks)

6. (a) Describe the term "Foreign Direct Investment". (8 Marks)
   (b) What is the impact of multilateral enterprises to developing countries? (12 Marks)

7. (a) What are the determinants of exchange rate on the foreign exchange market? (8 Marks)
   (b) Explain the three (03) main exchange rate regimes. (12 Marks)

8. Discuss the importance of the bi-lateral trade agreements of Sri Lanka? (20 Marks)

9. Write short notes on any four **(04)** of the following: (5 Marks Each)

   (a) Balance of Payments
   (b) International Lending Risk
   (c) Exchange rate regimes
   (d) Aggregate Demand and Aggregate Supply
   (e) International Reserves.

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