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**EASTERN UNIVESRITY, SRI LANKA**  
**THIRD YEAR 1<sup>ST</sup> SEMESTER EXAMINATION IN AGRICULTURE (2012/2013)**  
**EC 3102: INTERNATIONAL ECONOMICS**

Time allowed: **02 hours**

Answer **ALL** questions

1. a) "International Economics deals with the economic interdependence among nations". Briefly explain/comment on the above statement.  
b) Briefly discuss the importance of studying International Economics.  
c) What is Foreign Trade Dependence and how is it measured?  
d) List the major exports and imports of Sri Lanka in 2013.  
e) List the major nations which are trading partners with Sri Lanka.

(30 marks)

2. i) Explain clearly the meaning of **Absolute Advantage**.

ii) Briefly discuss what is **Comparative Advantage**.

iii) Using information given in the Table below identify the goods in which countries Alpha & Delta have an **Absolute & Comparative Advantage**.

Countries	Output of 1 unit of Labour	
	CARS	COMPUTERS
ALPHA	4	6
DELTA	2	4

(30 marks)

3. a) Using a clearly labeled diagram, explain what is an **OFFER CURVE** .

b) How is an **OFFER CURVE** of a nation derived? Use clearly labeled diagrams to explain.

c) Using diagrams briefly explain what are **EXCESS DEMAND** and **EXCESS SUPPLY** in the exports of a good/commodity. (20 marks)

(contd....p.2)

4. a) **Briefly explain** the following terms.
- Autarky
  - Terms of Trade
- b) The Figure below provides information on the exports of textiles by Country X and the effects of the World Price and quantity of exports. Using the Figure below estimate the net changes in Consumer Surplus, Producer Surplus and Total Surplus. (20 marks)

### International Trade in an Exporting Country

