

EASTERN UNIVESRITY, SRI LANKA
THIRD YEAR 1ST SEMESTER EXAMINATION IN AGRICULTURE (2015)
PROPER / REPEAT
EC 3102: INTERNATIONAL ECONOMICS

Time allowed: **02 hours**

Answer **ALL** questions

1. a) What is International Economics?
 b) Briefly explain the importance of studying International Economics.
 c) List the name of five major countries with which Sri Lanka has trade relations.
 d) List the major exports and imports of Sri Lanka since 1977.
- (20marks)

2. Briefly explain the following terms.
- i) Autarky
 - ii) Exchange Rate
 - iii) Balance of Payments
 - iv) Terms of Trade
- (20 marks)

3. i) Explain clearly the meaning of **Absolute Advantage**. (05 marks)
- ii) Explain clearly the meaning of **Comparative Advantage**. (05 marks)

iii) Using information given in the Table below identify the goods in which countries A and B have an Absolute and Comparative Advantage. (20 marks)

Countries	Output of 1 unit of Labour	
	FOOD	CLOTHES
Country A	100	80
Country B	3	10

4. a) Using a clearly labeled diagram, explain what is an **OFFER CURVE**.(15 marks)

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. (15 marks)

