Facultat d'Economia i Empresa

External trade

Code: 102342 **Grup 4/51**
Academic year: 2019-2020 Fall term

Midterm Exam

(Duration: 120 minutes)

Problem 1 (2 points)

Provide a short description of the following concepts and their domain of application in the theory of external trade:

1) Release of the merchandise
2) Subsidy to production
3) Active temporary importation under bond
4) Economic Union
5) CARI

Problem 2 (2 points)

(Source: BBC news)

For BREXIT, the EU originally proposed:

"It would involve Northern Ireland alone remaining in the EU's single market and customs union, leaving Great Britain (England, Scotland, and Wales) free to strike trade deals."

1) Explain the legal position of Northern Ireland versus Ireland and the UK in terms of trade options and agreements.

2) Imagine being an exporter based in Belfast: what are the legal requirements to export to Ireland? And to France?

3) Imagine that the same exporter thinks of exporting to Tenerife (Canarias): what is the procedure he is expected to adopt?

Problem 3 (2.5 points)

Let us consider the case of Vietnam (WTO member): it is a world-class exporter of coffee, tea, and spices. To consolidate its international position and even increase it, the national government decides to implement a trade policy granting subsidies to export to the producers of coffee. Referring to the graphical frameworks discussed in class, analyse the effects of this policy inside and outside the country.

Problem 4 (3.5 points)

Consider the following data (in billions of local currencies; source, World Bank):

	GDP			Export			Import		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Brazil	5996	6267	6554	773	782	824	843	757	758
Greece	177	176	180	56	53	59	56	54	61
Kenya	6284	7023	8144	1043	1005	1080	1736	1639	1974
Vietnam	4192862	4502733	5005975	3764320	4215636	5085742	3731151	4100294	4945460

Compute the trade balance, the index of openness and the two indexes of export quotas we discussed in class. Comment on the results by focusing on:

a) The countries running a permanent deficit, a permanent surplus, and the corresponding meaning for the stability of their economies.

b) The most and the least competitive economies, referring to the benchmarks discussed in class.

c) The economies that strongly rely on international trade as a source of national income.