1. International trade involves:

- a. the exchange across national borders of goods and services.
- b. purchasing activities that are regulated by a nation's laws.
- c. the payment which is associated with the use of a specific currency.
- d. a free market without controls of the government.

2. In China, many garment and textile manufacturers are located in Guangzhou. This is an example of:

- a. external economies of scale.
- b. internal economies of scale.
- c. constant returns to scale.
- d. constant opportunity cost.

3. International trade in this decade is:

- a. simpler because trade environment is more transparent with lower protectionism and discrimination as a result of multilateral trade negotiations.
- b. more complicated because multilateral cooperation has become more diverse, and global production has more closely linked.
- c. less competitive because merger and acquisition of multinational companies have become more popular.
- d. more volatile due to the emergence of international and regional institutions such as WTO, ASEAN, and EU.

4. Prof. Andreas Stoffers flew from Germany to Vietnam to teach the course "International Business" in University of Economics and Business, Vietnam National University - Hanoi for one semester. This is an example of:

- a. Cross-border supply.
- b. Consumption abroad.
- c. Commercial presence.
- d. Natural persons presence.

5. Assume that the world has two nations (Vietnam and Laos) producing 6 commodities with the followingdata:

Commodity	Vietnam (ton/h)	Laos (ton/h)
Rice	1	6
Corn	5	5
Apple	6	3

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Banana	9	27
Pepper	12	24
Sugar cane	20	40

(lower) OC of A = Productivity B/ Productivity A = Cost A/ Cost B

If the wage of Vietnam in terms of the wage of Laos is 1.5 **(V gấp L 1,5),** which commodities does Vietnam export?

- a. Rice
- b. Corn, Apple
- c. Rice, Pepper, Sugar cane
- d. Rice, Banana, Pepper, Sugar cane

6. Which of the following will be the lowest barrier on imports of a $1000 computer?
   - a. An ad-valorem 5% tariff
   - b. A specific $30 tariff
   - c. A compound duty of $2 and 5%
   - d. A compound duty of $5 and 3%

7. The Heckscher-Ohlins model states that a country will have a comparative advantage in the good or service whose production is relatively intensive in the _____ with which the country is relatively abundant.
   - a. economy scale
   - b. technology
   - c. opportunity cost
   - d. factor of production

8. …… occurs when cost per unit of output depends on the size of the industry.
   - a. The rise in terms of trade
   - b. Imperfect competition
   - c. Internal economies of scales
   - d. External economies of scales

9. In the large exporting country, an export subsidy will:
   - a. help consumers and raise the overall economic welfare of the exporting country.
   - b. hurt consumers but raise the overall economic welfare of the exporting country.
   - c. hurt consumers and lower the overall economic welfare of the exporting country.
   - d. help consumers but lower economic welfare of the exporting country.

10. The infant industry argument was an important theoretical basis for:
    - a. neo-colonialist theory of international exploitation.

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- b. import-substituting industrialization.
- c. historiography of the industrial revolution in Western Europe.
- d. East-Asian miracle.

11. Which of the following is NOT the argument that supports free trade?
    - a. Market failure argument
    - b. Efficiency argument
    - c. Rent seeking argument
    - d. Dynamic benefits argument
12. Import substitution policies make use of:
    - a. tariffs that discourage goods from entering a country.
    - b. quotas applied to goods that are shipped abroad.
    - c. production subsidies granted to industries with comparative advantage.
    - d. tax breaks granted to industries with comparative advantage.
13. Which of the following is NOT true?
    - a. Liberalization of trade in ASEAN was officially realized when the ASEAN countries signed the ASEAN Trade in Goods Agreement (ATIGA).
    - b. The objectives of the CEPT/AFTA were to reduce tariffs among members to 0-5%, phase out non-tariff barriers and cooperate in the field of customs.
    - c. ASEAN Economic Community (AEC) was officially launched on 31st December 2015 under the Kuala Lumpur Declaration 2015.
    - d. ASEAN was created on 08/08/1967 with 5 founders including Singapore, Thailand, Malaysia, Indonesia, and Philippines.
14. Which of the following is NOT a council of WTO?
    - a. Council for trade in goods.
    - b. Council for trade in services.
    - c. Council for trade-related investment measures.
    - d. Council for trade - related aspects of intellectual property rights.
15. One advantage of David Ricardo's comparative advantage theory over Adam Smith's absolute advantage theory is that the former one:
    - a. can explain international trade pattern in the case where a country has absolute advantage in all industries.
    - b. points out that only developed countries can find their place in the international market by focusing on producing the goods they can produce most efficiently.
    - c. supports free trade policy while the latter one supports trade surplus principle.

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- d. emphasizes the role of gold and silver in the nature of the wealth of a nation while the latter one emphasizes the role of production.

16. If a good is imported into a large country H from country F, then the imposition of an import tariff in country H:

- a. raises the price of the good in both countries.
- b. raises the price in country H and cannot affect its price in country F.
- c. lowers the price of the good in both countries.
- d. raises the price of the good in H and lowers it in F.

17. Suppose that there are two factors, capital and land, and that Russia is relatively land endowed while the UK is relatively capital-endowed. According to the Heckscher-Ohlin model:

- a. British landowners should support Russia-UK free trade.
- b. British capitalists should support Russia-UK free trade.
- c. All capitalists in both countries should support free trade.
- d. All landowners in both countries should support free trade.

18. What is the key difference between anti-dumping duties and countervailing duties?

- a. Anti-dumping duties are imposed to counteract unfair trade practices from dumping products, while countervailing duties are imposed to address subsidies provided by foreign governments.
- b. Anti-dumping duties are imposed on imported goods that are priced below fair market value, while countervailing duties are imposed on imported goods that are deemed to be of inferior quality.
- c. Anti-dumping duties are imposed to promote domestic production, while countervailing duties are imposed to protect consumers from low-quality imported goods.
- d. Anti-dumping duties and countervailing duties are terms used interchangeably to describe the same trade remedy.

19. What is NOT true about the WTO?

- a. Established on 1/1/1995, WTO currently has 164 members.
- b. Non-discrimination is one of the key principles of WTO.
- c. Doha Round is the latest round of trade negotiation among WTO members.
- d. GATS, which was established by a multilateral treaty of 23 nations, was the predecessor of WTO.

20. Which of the following policies permits a specified quantity of goods to be imported at one tariff rate and a higher tariff rate to imports above this quantity?

- a. Import tariff
- b. Voluntary exports restraint

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- c. Tariff-rate quota
- d. Ad valorem tariff

21. An ad valorem tariff:
    - a. helps to eliminate the trade fraud which is related to the declared value of imported goods.
    - b. is less transparent than a specific tariff because it leads to distortions in relative prices between the taxed goods.
    - c. provides a more stable protection to domestic producers when a nation faces inflation.
    - d. is applied to goods originating from the WTO member countries.
22. Which of the following is NOT true about AEC 2015?
    - a. Pillar 1 of the ASEAN Economic Community (AEC) is "A single production base and market". Pillar 1 refers to the free movement of services, free movement of capital and investment, and free movement of unskilled workers.
    - b. Pillar 2 includes competition policy, consumer protection, and e-commerce development.
    - c. Pillar 3 of the ASEAN Economic Community (AEC) is "An equitable economic development". Pillar 3 includes the development of small and medium enterprises, and ASEAN Integration Initiatives.
    - d. Pillar 4 of the ASEAN Economic Community (AEC) is "Integration into the global economy". Pillar 4 refers to economic cooperation with extra-region partners and increased ASEAN's participation in the global supply chain.
23. The WTO was established in the _____ of multilateral trade negotiations.
    - a. Kennedy Round
    - b. Tokyo Round
    - c. Uruguay Round
    - d. Dillon Round
24. Regarding the product “orange”, what is a SPS measure among the following?
    - a. The minimum size of the orange.
    - b. The packing and labeling process.
    - c. The use of pesticide before harvesting.
    - d. The imported stamp on the orange.
25. The imperfect competition is the principal justification for:
    - a. import-substitution policies.
    - b. export-oriented policies.
    - c. industrial policies.
    - d. strategic trade policies.

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1. International trade involves:

a. The exchange across national borders of goods and services.

b. Purchasing activities that are regulated by a nation's laws.

c. The payment which is associated with the use of a specific currency.

d. A free market without controls of the government.

2. In comparison to domestic trade, international trade:

a. Involves only the exchange of goods.

b. Occurs between individuals within a single country.

c. Requires dealing with exchange rates, tariffs, and transportation costs.

d. Has less government involvement.

3. The main reason countries engage in international trade is to:

a. Increase government control over domestic markets.

b. Exploit domestic resources.

c. Increase economic efficiency through specialization and comparative advantage.

d. Limit global competition.

4. Which of the following is considered "Trade in Goods" in international trade?

a. Cross-border exchange of services.

b. The exchange of tangible products, like commodities and raw materials.

c. Direct foreign investments.

d. The exchange of intangible services.

5. What are the four modes of supply in the context of trade in services?

a. Cross-border supply, consumption abroad, commercial presence, natural person presence.

b. Free trade, consumption abroad, foreign investment, direct trade.

c. Export, import, subsidies, and market presence.

d. Non-tariff, subsidies, market entry, and external investment.

6. In terms of international trade, how has trade pattern shifted in recent decades?

a. Trade has become simpler, with fewer regulations.

b. Trade has become more complicated due to global production and multilateral cooperation.

c. Trade has decreased due to stricter national policies.

d. Trade has become less competitive with fewer emerging markets.

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7. David Ricardo's theory of comparative advantage assumes that:

a. A country has an absolute advantage in all industries.

b. Trade benefits only the most industrialized countries.

c. Countries specialize in the production of goods for which they have the lowest opportunity cost.

d. Trade is beneficial only when nations have identical resources.

8. A major premise of the Heckscher-Ohlin model is that:

a. A country will specialize in the good that is most labor-intensive.

b. A country will have a comparative advantage in the good whose production is intensive in the factor of production in which the country is relatively abundant.

c. All nations have the same factor endowments.

d. Trade benefits countries with abundant labor and capital only.

9. In David Ricardo's one-factor model, what is the Opportunity Cost (OC) of producing a good?

a. The cost of resources used to produce the good.

b. The potential alternative goods that could be produced instead of the good.

c. The wage rate in terms of other goods.

d. The difference between domestic and international prices.

10. The Heckscher-Ohlin (H-O) model suggests that international trade results in:

a. A country exporting only high-tech goods.

b. A country specializing in all goods it produces.

c. Trade patterns based on the relative abundance of factors of production.

d. Reduced specialization among countries.

11. According to the Stolper-Samuelson theorem, changes in relative goods prices affect:

a. The wealth of countries as a whole.

b. The income distribution among factors of production.

c. Only the capital-intensive industries.

d. Only the labor-intensive industries.

12. The Leontief Paradox questions which assumption of the Heckscher-Ohlin model?

a. The assumption that capital and labor are perfectly mobile between industries.

b. The assumption that capital-abundant countries export capital-intensive goods.

c. The assumption that all countries have the same preferences for goods.

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d. The assumption that goods prices are equal across countries.

13. Economies of scale in international trade refer to:

a. The decrease in average costs as the output of a firm increases.

b. The constant cost of producing additional units of a good.

c. A rise in the overall price level due to trade.

d. The increasing cost of producing more goods.

14. The concept of monopolistic competition in international trade implies:

a. Few firms dominate the market in a given industry.

b. Firms in an industry produce identical products with no differentiation.

c. Firms produce differentiated products and compete through price and non-price strategies.

d. All firms sell identical goods in a perfectly competitive market.

15. Intra-industry trade occurs when:

a. A country imports and exports similar goods within the same industry.

b. Two countries trade goods that are completely unrelated.

c. One country exports all of its domestic goods.

d. A country focuses exclusively on manufacturing goods.

16. Tariffs are taxes imposed on:

a. Imports only.

b. Exports only.

c. Both imports and exports equally.

d. Government-subsidized goods.

17. An ad valorem tariff is:

a. A fixed amount per unit of goods.

b. A percentage of the value of the goods being imported.

c. A tax imposed on export goods.

d. A tax imposed on imported raw materials only.

18. In the context of tariffs, the term "specific tariff" refers to:

a. A tax imposed based on the volume of goods traded.

b. A tax calculated as a percentage of the good's value.

c. A tax imposed as a fixed amount per unit of the good.

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d. A quota on the number of goods traded.

19. A tariff-rate quota is a system that:

a. Imposes a fixed tariff on all imported goods.

b. Allows goods to be imported at a low tariff until a specified quantity is reached, after which a higher tariff applies.

c. Imposes no tariffs on certain goods.

d. Sets a price ceiling on imported goods.

20. Which of the following is an example of a non-tariff barrier to trade?

a. Import quotas.

b. Income taxes.

c. Export subsidies.

d. All of the above.

21. Which is a primary example of a political economy justification for trade protectionism?

a. Protecting infant industries.

b. Encouraging economies of scale.

c. Promoting efficient allocation of resources.

d. Reducing inflationary pressures in domestic markets.

22. The infant industry argument suggests that:

a. Some industries may need temporary protection to become competitive.

b. New industries should not receive any protection or subsidies.

c. All industries should be competitive from the start.

d. Countries should exclusively trade with developed nations.

23. The WTO aims to promote:

a. Strict tariffs on all imported goods.

b. The reduction of trade barriers and fair trade practices.

c. The formation of bilateral trade agreements.

d. National economic independence.

24. Which of the following is NOT a core principle of the WTO?

a. Non-discrimination.

b. Reciprocity.

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c. Trade protectionism.

d. Transparency.

25. The Agreement on Agriculture (AoA) under WTO focuses on:

a. Setting universal prices for agricultural products.

b. Reducing export subsidies and tariffs on agricultural goods.

c. Increasing tariffs on agricultural imports.

d. Creating a common agricultural market for all WTO members.

26. ASEAN Economic Community (AEC) aims to:

a. Build a single economic market and a single production base within ASEAN.

b. Eliminate all trade regulations across ASEAN countries.

c. Create a common currency for ASEAN countries.

d. Establish free trade with non-ASEAN countries only.

27. What is the primary goal of the ASEAN Free Trade Area (AFTA)?

a. To set up free trade agreements between ASEAN and the EU.

b. To reduce tariffs among ASEAN member countries to 0-5%.

c. To promote only intra-regional investments.

d. To encourage economic integration with global markets.

28. The political economy argument against free trade often includes:

a. Efficiency gains from lower tariffs.

b. The risks of market failure.

c. The benefits of specialization.

d. Increased global competition.

29. The theory of comparative advantage states that countries benefit from trade if they:

a. Specialize in producing the goods they are most efficient at producing.

b. Focus on self-sufficiency to avoid imports.

c. Limit exports to conserve resources.

d. Focus on manufacturing only high-value goods.

30. Which of the following is a major disadvantage of protectionism?

a. Increased competition.

b. Reduced consumer choice and higher prices.

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c. Higher efficiency in domestic markets.

d. Lower government revenue.

31. Export subsidies tend to:

a. Lower the price of domestic goods on the world market.

b. Increase the domestic price of exported goods.

c. Make imported goods cheaper.

d. Increase tariffs on foreign goods.

32. What does the term "dumping" refer to in international trade?

a. Selling goods at a price below their market value in a foreign market.

b. Exporting goods at inflated prices.

c. Excessively taxing foreign goods.

d. Importing large quantities of goods into a country.

33. Which of the following is an example of a safeguard measure under WTO rules?

a. Temporary restrictions on imports to protect domestic industries from surges in imports.

b. Permanent tariffs on all foreign goods.

c. Export subsidies to boost domestic industries.

d. Setting quotas on services.

34. Which factor does the Heckscher-Ohlin model focus on for explaining trade patterns?

a. Differences in the labor productivity of countries.

b. Relative factor endowments (e.g., land, labor, capital).

c. Government regulations.

d. Differences in technological advancements.

35. A key argument in favor of trade liberalization in developing countries is that it:

a. Promotes the protection of infant industries.

b. Encourages more foreign investments and competition.

c. Increases domestic tariffs.

d. Limits market access for foreign companies.

36. What does the term “non-tariff barriers” refer to?

a. Trade barriers that do not involve tariffs but still restrict trade.

b. Barriers that apply only to goods produced domestically.

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c. Tariffs imposed on goods produced in foreign countries.

d. Legal limits on how many goods can be imported.

37. What is the purpose of WTO's dispute settlement body (DSB)?

a. To increase tariffs on goods entering the country.

b. To mediate disputes between members and ensure trade rules are followed.

c. To set global standards for product quality.

d. To develop new trade agreements.

38. What is one of the criticisms of free trade policies?

a. They can lead to unequal distribution of economic benefits.

b. They discourage foreign investments.

c. They limit competition between industries.

d. They hinder global economic growth.

39. The term “export-oriented industrialization” refers to a strategy where a country:

a. Focuses on manufacturing goods for export.

b. Protects domestic industries through tariffs.

c. Limits foreign imports to encourage domestic production.

d. Uses foreign investments to create local industries.

40. The main objective of trade liberalization in ASEAN is to:

a. Promote protectionism to safeguard local industries.

b. Increase tariffs on non-member countries.

c. Facilitate smoother trade flows within the region by reducing barriers.

d. Limit foreign investments in ASEAN countries.

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