



**Economics
Leaving Certificate
Higher Level**

**Past Exam Questions on
International Trade & Payments**

Q5 Section A 2013

5. Outline three mechanisms for restricting free trade.

- (i) _____
- (ii) _____
- (iii) _____

(16 marks)

Q7 Section B 2013

7. (a) 'The Balance of Payments figures give the most detailed information on Ireland's large and rapidly growing internationally traded services sector' (*The Irish Times*, September 2012).

- (i) Explain the term Balance of Payments Current Account.
- (ii) Explain two economic consequences of a surplus on the Balance of Payments Current Account.
- (iii) Describe how foreign firms operating in Ireland may affect Ireland's Balance of Payments Current Account. (30)

(b) Discuss the possible economic effects for the Irish economy of the euro rising in value relative to many other international currencies. (25)

(c) 'Exporting businesses need to become the engine of economic growth.'
(Statement of Strategy 2011-2014, Department of Jobs, Enterprise and Innovation)
Discuss the key challenges for Irish businesses on international markets. (20)

[75 marks]

Q7 Part (b) Section B 2012

- (b) (i) Discuss three economic factors which affect the competitiveness of Irish firms in international trade.
- (ii) Outline how international trade benefits Irish consumers. (25)

Q6 Section A 2011

6. Outline two possible economic effects for the Irish economy of the euro (€) falling in value relative to the US dollar (\$).

- (i) _____
- (ii) _____

(17 marks)

Q7 Part (a) Section B 2010

7. (a) *Many believe that export-led growth is the way forward for the recovery of the Irish economy.*
- (i) Explain why international trade is essential for the Irish economy.
 - (ii) Discuss **three** measures which the Irish government could take to improve the competitiveness of Irish-based firms in international markets.

(30 marks)

Q6 Section A 2009

6. Outline two possible economic effects of UK Sterling (£) falling in value relative to the Euro (€) for the Irish economy.

(i) _____

(ii) _____

(17 marks)

Q7 Part (b) Section B 2009

- (b) Ireland is a small open economy which relies very heavily on international trade.
- (i) Discuss the importance of international trade to the Irish economy.
 - (ii) Are there any economic justifications for a government intervening in order to restrict international trade? Outline reasons for your answer.

(30 marks)

Q7 Section A 2008

7. 'Ireland's current account in the **Balance of Payments** is in deficit'. Explain the meaning of this statement and state **two** reasons why this situation exists.

Explanation: _____

Reasons:

(i) _____

(ii) _____

(17 marks)

Q5 Section B 2008

5. (a) The table below illustrates the Law of Comparative Advantage.

Country	Output (production per worker per week)	
	Clothing	Televisions
South Korea	30 units	10 units
China	40 units	20 units
Total Output	70 units	30 units

- (i) State the Law of Comparative Advantage.
(ii) Explain how both countries benefit from international trade in the above example.
(iii) Calculate the terms of trade for both goods. (Show all your workings).

(30 marks)

- (b) Discuss the economic consequences of a decrease in the value of the US dollar (\$) relative to the euro (€) for the Irish economy.

(20 marks)

- (c) It is becoming more difficult to attract Foreign Direct Investment (multinational companies) into Ireland. Discuss the economic reasons for this development.

(25 marks)

[75 marks]

Q7 Section B 2008

7. (a) The Balance of Payments is made up of the Current Account and the Capital Account.

Explain each of the underlined terms. Include details of the main components of each account in your explanations.

(30 marks)

- (b) Suppose the euro (€) increases in value relative to the American dollar (\$) and sterling (£). Outline the likely effects this increase would have on any **THREE** components of the Balance of Payments, which you listed in answering (a) above.
[At least one component should be from the Capital Account.]

(25 marks)

- (c) The enlargement of the European Union (EU) continues with the addition of Bulgaria and Romania in January 2007. There are now 27 member states.

Discuss **FOUR** economic consequences for the Irish economy, of the EU enlargement process.

(20 marks)

[75 marks]

Q6 Section B 2006

6. (a) (i) Explain why international trade is essential for the Irish economy.
(ii) Has Ireland, in recent years, tended to have a surplus or a deficit on the Balance of Payments Current Account? Outline the economic consequences of this situation. *(30 marks)*
- (b) State and explain how **imports** into the Euro-zone would be affected by each of the following developments:
(i) the US dollar rises in value against the euro;
(ii) employment within the Euro-zone **increases**. *(20 marks)*
- (c) Ireland has attracted many multinational companies to establish operations in recent years. There has also been a recent trend for some of these companies to relocate to eastern Europe or Asia.
(i) Outline reasons why these multinational companies locate in Ireland.
(ii) Outline possible reasons for the current relocation to other regions. *(25 marks)*
- [75 marks]**