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The final act of GATT was to

- (A) replace itself with the World Trade Organization <https://selfdocx.com/products/test-bank-global-marketing-4e-gillespie>

- (B) establish the IMF and the World Bank

Answer:

- (A) replace itself with the World Trade Organization

- (C) replace itself with NAFTA

- (D) establish the European Monetary Union

2

India's exports of telecommunications services and imports of management consulting services would be included in the _____ part of India's current account.

- (A) merchandise account

- (B) payment flow

Answer:

- (C) service account

- (C) service account

- (D) unilateral transfers

3

Remittances from Mexicans working abroad, philanthropic donations to Mexican charities, and aid money donated by foreign countries would be included in the _____ part of Mexico's current account.

- (A) merchandise account

- (B) payment flow

Answer:

- (D) unilateral transfers

- (C) service account

- (D) unilateral transfers

4

Russia's Treasury bills, certificates of deposit, and foreign exchange reserves would be included in the _____ account.

- (A) capital

- (B) current

Answer:

- (A) capital

- (C) portfolio

- (D) longevity

)

5

An American mutual fund purchases German government bonds. This is an example of _____ and it would be included in Germany's _____.

- (A) foreign direct investment;
capital account
- (B) foreign direct investment;
current account
- (C) portfolio investment;
capital account
- (D) portfolio investment;
current account

Answer:

(C) portfolio investment; capital account

6

A Canadian company acquires 100 percent ownership of a Mexican company through a stock purchase. This is an example of _____ and it would be included in Mexico's _____.

- (A) foreign direct investment;
capital account
- (B) foreign direct investment;
current account
- (C) portfolio investment;
capital account
- (D) portfolio investment;
current account

Answer:

(A) foreign direct investment; capital account

7

Denise is taking her first international trip. She travels from the United States to France. She gives the bank located at the French airport US\$100. They give her back €82.69. When she asks why, the bank teller informs her, "It's because of the _____."

- (A) capital account
- (B) current account
- (C) exchange rate
- (D) credit ratio

Answer:

(C) exchange rate

8

On December 23, one U.S. dollar was worth 0.76 euros (exchange rate 1:0.76). One year later, the U.S. dollar was worth 0.70 euros (exchange rate

1:0.70). The U.S. dollar _____ .

- (A) appreciated
- (B) depreciated
- (C) remained constant
- (D) None of the above

Answer:

(B) depreciated

9

On December 23, one U.S. dollar was worth 0.76 euros (exchange rate 1:0.76). One year later, the U.S. dollar was worth 0.70 euros (exchange rate 1:0.70). The euro _____ that year.

- (A) appreciated
- (B) depreciated
- (C) remained constant
- (D) None of the above

Answer:

(A) appreciated

10

Egypt's exports of cotton and imports of computers would be included in the _____ part of Egypt's current account.

- (A) merchandise account
- (B) payment flow
- (C) services category
- (D) unilateral transfers

Answer:

(A) merchandise account

11

In the Japanese skincare industry, there are several strong local competitors, like Shiseido. When it comes to skincare products, Japanese consumers are some of the most sophisticated, knowledgeable, and demanding. There are cutting-edge research and development facilities and supplier companies geared toward the skincare industry in Japan. Japan has a(n) _____ advantage in skincare products.

- (A) absolute
- (B) comparative
- (C) competitive

Answer:

(C) competitive

(D leontif
)

12

The General Agreement on Tariffs and Trade was the precursor to

(A) the IMF

(B) the European Union

(C) the WTO

(D NAFTA
)

Answer:

(C the WTO
)

13

One of the challenges faced by the WTO is

(A) movement towards a
global currency

(B) the spread of regional
trade agreements

(C) controlling inflation in
developing countries

(D None of the above
)

Answer:

(B the spread of regional trade agreements
)

14

A group of nations that agrees to drop trade barriers but permits members to maintain independent trade relations with non-group nations, is called

(A) a customs union

(B) a common market

(C) a free-trade area

(D monetary unions
)

Answer:

(C a free-trade area
)

15

Common markets

(A) have all the characteristics
of customs unions plus
free flow of resources
between members

Answer:

(A have all the characteristics of customs unions plus free flow of resources
) between members

- have all the characteristics of free-trade regions and free flow of resources between members
- (B) export and import from the same countries
- (D) have the same currency

16 A substantial proportion of India's _____ consists of information technology consulting, customer service, financial, and telecommunication services and remittances from Indians living abroad.

- (A) invisible exports
- (B) portfolio exports
- (C) foreign direct imports
- (D) unilateral imports

Answer:

(A) invisible exports

17 Country X specializes in producing the goods it produces most efficiently, and Country Y buys the products it produces less efficiently from other countries, even if it could produce the good more efficiently itself. The behavior of these countries can be explained by _____ advantage theory.

- (A) complete
- (B) probable
- (C) comparative
- (D) absolute

Answer:

(C) comparative

18 The average worker in Ghana can produce either 500 tons of rice or 4,000 tons of cocoa in one year. Over the same time period, the average South Korean worker can produce either 3,000 tons of rice or 150 tons of cocoa. In terms of cocoa production, Ghana has a(n) _____ advantage relative to South Korea

- (A) complete
- (B) probable
- (C) absolute

Answer:

(C) absolute

(D comparative
)

19

The average Vietnamese worker can produce either 200 machines or 800 tons of tomatoes each year, whereas the average German worker can produce either 500 machines or 1,000 tons of tomatoes. Germany has a(n) _____ advantage in both machines and tomatoes.

(A) absolute

(B) complete

(C) pseudo

(D comparative
)

Answer:

(A absolute
)

20

The Albanian lek, Costa Rican colon, and Malawi kwacha are currencies that attract little global demand. These are examples of _____ currencies.

(A) basket

(B) situational

(C) pegged

(D soft
)

Answer:

(D) soft

21

Exchange rates for the Bolivian currency are determined by the market forces of supply and demand. Therefore, the Bolivian currency is an example of a _____ currency.

(A) basket linked

(B) pegged

(C) situational

(D freely floating
)

Answer:

(D freely floating
)

22

Country X maintains a managed currency. Its currency is most likely pegged to the currency of the country that Country X _____.

Answer:

(A) owes the most money

(B trades the most with
)

- (B) trades the most with
- (C) is closest to geographically
- (D) None of the above

23

Country X and Country Y sign an agreement to drop trade barriers among themselves. But both countries agree that each country should be allowed to maintain independent trade relations with other countries. This is an example of a(n) _____.

- (A) orderly marketing arrangement
- (B) customs union
- (C) free trade area
- (D) common market

Answer:

(C) free trade area

24

Turkey signed an agreement with the European Union (EU). In this agreement, Turkey and the EU agreed to drop trade barriers among themselves. They also agreed that Turkey and the EU would employ the same trade barriers to countries outside of Turkey and the EU. This is an example of a(n) _____.

- (A) orderly marketing arrangement
- (B) customs union
- (C) free trade area
- (D) common market

Answer:

(B) customs union

25

Mexico's president, Vincente Fox, argued that the North America Free Trade Association (NAFTA) should be expanded. He believed that Canada, the U.S., and Mexico should establish common external trade barriers to non-NAFTA countries and allow for the free flow of labor and capital within NAFTA countries. He was proposing a(n) _____.

- (A) orderly marketing arrangement
- (B) customs union
- (C) free trade area
- (D) common market

Answer:

(D) common market

)

26

A U.S. multinational would likely evaluate the performance of its Mexican subsidiary in terms of

(A) the Mexican peso

(B) the Mexican peso and the U.S. dollar

(C) the euro

(D) a basket of currencies

Answer:

(B) the Mexican peso and the U.S. dollar

27

^ ____ ^ are physical limits on the amount of goods that can be imported into a country.

Answer:

Quotas

28

The ^ ____ ^ is an accounting record of the transactions between the residents of one country and the residents of the rest of the world over a given period of time.

Answer:

balance of payments

29

A ratio that measures the value of one currency in terms of another currency is called a(n) ^ ____ ^.

Answer:

exchange rate

30

When a currency falls in value, it is said to ^ ____ ^.

Answer:

depreciate (or devalue)

31

Skiwell is a world-famous, high-performance, quality snow ski export manufacturer. Skiwell's snow skis have been thoroughly and successfully tested in numerous snow situations in Europe. Skiwell decides to enter the Japanese market. The Japanese government requires the company to conduct numerous lengthy performance and safety tests of their skis on Japanese snow before the export shipment can be sent. They claim that Japanese snow may somehow be different than European snow. Mo

(A) local content rule

(B) import tariff

(C) nontariff trade barrier

Answer:

(C) nontariff trade barrier

(D
) quota

32

Despite complaints from the United States, the European Union continues to pay subsidies to Airbus, the European aircraft producer. This is called a(n) _____.

(A) local content rule

(B) orderly marketing arrangement

(C) export tariff

(D
) nontariff trade barrier

Answer:

(D
) nontariff trade barrier

33

Since the introduction of the Bhutanese currency, the ngultrum, in 1974, it has been fixed by the Bhutan government to the Indian rupee. Therefore, the ngultrum is an example of a _____ currency.

(A) basket linked

(B) pegged

(C) situational

(D
) freely floating

Answer:

(B)pegged

34

On December 23, one U.S. dollar was worth 0.76 euros (exchange rate 1:0.76). One year later, the U.S. dollar was worth 0.70 euros (exchange rate 1:0.70). In the United States, exporters who send their goods to the European Union were probably _____ because the U.S. currency had _____.

(A) unhappy; appreciated

(B) happy; appreciated

(C) unhappy; depreciated

(D
) happy; depreciated

Answer:

(D
) happy; depreciated

35

On December 23, one U.S. dollar was worth 0.76 euros (exchange rate 1:0.76). One year later, the U.S. dollar was worth 0.70 euros (exchange rate

1:0.70). In the United States, importers who receive goods from the European Union were probably _____ because the U.S. currency had _____.

(A) unhappy; appreciated

(B) happy; appreciated

(C) unhappy; depreciated

(D) happy; depreciated

Answer:

(C) unhappy; depreciated

36

The _____'s original goals were to promote orderly and stable foreign exchange markets, restore free convertibility of member nations' currencies, reduce international trade impediments, and provide assistance to countries that experienced temporary balance-of-payments deficits.

(A) International Monetary Fund

(B) European Union

(C) World Bank

(D) None of the above

Answer:

(A) International Monetary Fund

37

In Thailand, the _____ guaranteed government bonds for the Electricity Generating Authority. The guarantee attracted investors and spawned interest in similar programs in South Korea and the Philippines.

(A) International Monetary Fund

(B) Mexican government

(C) World Bank

(D) None of the above

Answer:

(C) World Bank

38

A shipment of Dell laptop computers is sent from the United States to a Brazilian airport and is sitting at customs. In order to bring the laptops into the country, Dell representatives must pay the Brazilian government a tax. This is called a(n) _____.

(A) quota

(B) orderly marketing

Answer:

(C) tariff

arrangement

(C) tariff

(D) local content rule

39

Until 2005, the United States government set a limit on how many t-shirts Turkey could export to the United States. This is called a(n)_____.

(A) quota

(B) orderly marketing arrangement

(C) tariff

(D) local content rule

Answer:
(A) quota

40

The U.S. Commerce Department reaches a deal with the Russian government. The Russian government agrees to only export 750,000 tons of steel from Russia to the United States. This is called a(n) _____.

(A) quota

(B) orderly marketing arrangement

(C) tariff

(D) local content rule

Answer:
(B) orderly marketing arrangement

41

^ ____ ^ are taxes on goods moving across economic or political boundaries.

Answer:
Tariffs

42

NAFTA is an example of a customs union.

(A) True

(B) False

Answer:
(B) False

43

As a member of NAFTA, Mexico must coordinate its domestic tax rate with

Canada and United States.

(A) True
)

Answer:
(B) False

(B) False
)

44

The absolute advantage of a nation refers to

(A) being strategically located
near large markets

(B) producing and selling what
it is best at

Answer:

(B) producing and selling what it is best at
)

(C) producing and selling
profitably even if
competitors are better

(D) All of the above
)

45

If Spanish workers can produce 100 cars or 50 elevators and a Russian worker can produce 60 cars or 20 elevators, the theory of comparative advantage would suggest that

(A) Russia and Spain will not
trade in cars or elevators

(B) Russia should trade
elevators for cars made in
Spain

Answer:

(C) Spain should trade elevators for cars made in Russia
)

(C) Spain should trade
elevators for cars made in
Russia

(D) None of the above
)

46

The theory of _____ focuses on the importance of country factors such as domestic demand and domestic rivalry in explaining a nation's dominance in the production and export of particular products.

(A) new trade

Answer:

(B) absolute advantage

(D) competitive advantage
)

(C) comparative advantage

(D competitive advantage
)

47

A country will have significant impact on the competitive advantage of an industry depending on the

(A) elements of production in the country

(B) nature of domestic demand

(C) presence of appropriate supplier or related industries

(D All of the above
)

Answer:

(D All of the above
)

48

A good example of a country that enjoys a competitive advantage in digital products is

(A) Spain

(B) South Korea

(C) Russia

(D Poland
)

Answer:

(B South Korea
)

49

An accounting record of the transactions between the residents of one country and the residents of the rest of the world is called the

(A) international transactions record

(B) balance of payments

(C) global trade account

(D foreign accounts record
)

Answer:

(B balance of payments
)

50

Transactions in which domestic residents purchase assets from abroad are considered

(A) inflows of funds

Answer:

(B outflows of funds
)

- (B) outflows of funds
(C) asset depreciation
(D) asset appreciation

51

Custom unions possess the characteristics of free trade areas but with the added feature of a common external/tariff barrier for member countries.

- (A) True
(B) False

Answer:
(A) True

52

Nearly all WTO members belong to at least one regional trading pact.

- (A) True
(B) False

Answer:
(A) True

53

Free-trade areas possess the characteristics of custom unions but with the added feature of a common currency.

- (A) True
(B) False

Answer:
(B) False

54

In customs unions, a supranational policymaking committee decides common tariffs for member countries.

- (A) True
(B) False

Answer:
(B) False

55

Currency fluctuations can cause marketers to leave a foreign market.

(A) True
)

Answer:
(A) True

(B) False
)

56

Pegged currencies are not affected by supply and demand.

(A) True
)

Answer:
(B) False

(B) False
)

57

If the Mexican peso depreciates ten percent against the U.S. dollar, U.S. exporters must raise their prices in pesos.

(A) True
)

Answer:
(B) False

(B) False
)

58

Most favored nation (MFN) status occurs when two countries agree bilaterally to give each other preferred trading rights.

(A) True
)

Answer:
(B) False

(B) False
)

59

Most favored nation status was outlawed under GATT.

(A) True
)

Answer:
(B) False

(B) False
)

60

China never joined the WTO because it wanted to remain a communist country.

Answer:
(B) False

(A
) True

(B
) False

61

Unilateral transfers may include which of the following?

(A) Royalties

(B) Payments for services

(C) Payments for imports

(D
) Remittances

Answer:

(D
) Remittances

62

Which of the following is not a principal part of the balance of payments statement?

(A) Current account

(B) Official transactions account

(C) Savings account

(D
) Capital account

Answer:

(C
) Savings account

63

A stock purchase in a foreign company that entailed substantial control over that foreign company would be designated a

(A) portfolio investment

(B) direct investment

(C) remittance

(D
) unilateral transfer

Answer:

(B
) direct investment

64

A tax levied on imports is known as a _____.

(A) Quota

Answer:

(D) Tariff

- (B) Voluntary export restriction
- (C) Nontariff barrier
- (D) Tariff

65

The World Bank acts as an intermediary between

- (A) developed and developing countries
- (B) private capital markets and developing nations
- (C) the WTO and developing nations
- (D) private capital markets and developed nations

Answer:

(B) private capital markets and developing nations

66

Which is constitutionally prohibited in the United States?

- (A) Orderly marketing arrangements
- (B) Export tariffs
- (C) Import tariffs
- (D) Nontariff barriers

Answer:

(B) Export tariffs

67

The main objective behind imposing tariffs on imported goods is to

- (A) improve trade relations with other nations
- (B) generate foreign exchange
- (C) protect local industries
- (D) control inflation rates

Answer:

(C) protect local industries

68

Quotas are

(A) taxes on imported goods

(B) taxes on exported goods

(C) subsidies for exported goods

(D) physical limits on the amount of goods that can be imported into a country

Answer:

(D) physical limits on the amount of goods that can be imported into a country

69

GATT was a

(A) custom union

(B) free-trade association

(C) monetary union

(D) None of the above

Answer:

(D) None of the above

70

Which was not a founding principal of GATT?

(A) Reciprocity

(B) Transparency

(C) Orderly marketing arrangements

(D) Nondiscrimination

Answer:

(C) Orderly marketing arrangements

71

Transparency was a founding principle of

(A) OPIC

(B) GATT

(C) EuroDisney

(D) the United States

Answer:

(B) GATT

72

Another name for the World Bank is _____.

(A) World Trade Organization

(B) International Bank for
Reconstruction and
Development

(C) International Monetary
Fund

(D) Group of Seven

Answer:

(B) International Bank for Reconstruction and Development

73

Which country is most likely to have a soft currency?

(A) United States

(B) France

(C) Japan

(D) Chad

Answer:

(D) Chad

74

The ratio that measures the value of one currency in terms of another is called the

(A) currency ratio

(B) exchange ratio

(C) exchange rate

(D) balance of payments

Answer:

(C) exchange rate

75

The strengthening of the U.S. dollar against the Japanese yen has a negative effect on

(A) U.S. exporters

(B) U.S. importers

(C) Japanese exporters

Answer:

(A) U.S. exporters

(D German exporters
)

76

For a free floating currency, the exchange rate is affected by

(A) the forces of supply and demand

(B) WTO regulations

(C) the IMF that determines exchange rates

(D) None of the above

Answer:

(A) the forces of supply and demand

77

A currency for which no effective international market exists is called a _____ currency.

(A) depreciating

(B) devaluating

(C) G7

(D) soft

Answer:

(D) soft

78

Low oil prices caused the Venezuelan bolivar to _____.

(A) appreciate

(B) depreciate

(C) freely float

(D) peg

Answer:

(B) depreciate

79

China's successful export model is threatened by _____.

(A) its depreciating currency

(B) increasing labor costs

(C) export quotas

Answer:

(B) increasing labor costs

(D
) All of the above.

80 **Private remittances and foreign aid are included in which BOP account?**

(A) Capital account

(B) Current account

(C) Unilateral transfers

(D
) None of the above.

Answer:

(C
) Unilateral transfers

81 **The focus of IMF activities has shifted from exchange rate relations among industrialized countries to _____.**

the prevention of economic
(A) instability in developing
countries.

reducing quota and tariff
(B) barriers in developed
countries.

promoting exports from
(C) former Soviet Union
states.

(D
) promoting investment into
sub-Saharan Africa.

Answer:

(A
) the prevention of economic instability in developing countries.

82 **Transparency refers to**

(A) the free trade of goods and
services

(B) reciprocity in trade
agreements

(C) when trade restrictions are
overt

(D
) when trade restrictions are
limited to nontariff barriers

Answer:

(C
) when trade restrictions are overt