



SIR ARTHUR LEWIS COMMUNITY COLLEGE
ACADEMIC YEAR (2024/2025) – SEMESTER TWO
END OF SEMESTER EXAMINATION

COURSE CODE : ECO218
COURSE TITLE : GLOBAL ECONOMICS
LECTURER(S) : PERSAD, DENESE
DATE : THURSDAY, MAY 8, 2025
TIME : 1:00 PM
DURATION : 2 HOURS
STUDENT ID # : _____

GENERAL INFORMATION AND INSTRUCTIONS

- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.
- This examination consists of **FOUR (4) questions**.
- **Answer all questions.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Instructions: Answer all questions.

1. The following article details the Trump administration's current position on trade.

President Trump's new tariffs on Canada, Mexico and China have unsettled both domestic and international markets, concerning investors and manufacturers.

Canada and China this week announced retaliatory measures after Trump's long-promised tariffs took effect. The tariffs include a 25% levy on most imports from Canada and Mexico, with an additional 10% tariff on Canadian energy exports. Tariffs on Chinese goods have been increased from 10% to 20%.

Examine the implications of this trade policy, if implemented, for the economies of:

- a) The United States (4 marks)
 - b) Canada, Mexico and China. (6 marks)
2. The following is an article on Foreign Direct Investment (*FDI*):

The St. Lucia government says it is anticipating investment in the tourism industry to surpass EC\$320 million as a result of negotiations with various investors during the first 8 months of this year.

"Investors are showing a high level of confidence and interest in St Lucia's economic prospects. This is evident by the level of tourism investments which have been recorded for the period January to August 2022, Prime Minister Phillip J Pierre told the 58th annual general meeting of the St. Lucia Hotel and Tourism Association".

He said during that period Cabinet approved 20 projects for tourism incentives "amounting to projected investments of EC\$326.6 million". Tourism officials said visitor expenditure post Covid-19 had exceeded EC\$560 million last year and hotels and other properties collectively made in excess of EC\$303 million.

- a) Define the Balance of Payments and identify the Component Parts. (10 marks)
 - b) How would *FDI* in the tourism sector in St. Lucia impact the Balance of Payments account in the short and long run? (4 marks)
3. Differentiate between:
- a) Bilateral and Multilateral exchange rate (2 marks)
 - b) Fixed and Floating Exchange Rate (4 marks)
4. Define economic integration and discuss the three main stages of economic integration that CARICOM countries have attempted to achieve over the last 50 years. (10 marks)

END OF EXAM