



FACULTATEA DE RELATII ECONOMICE INTERNATIONALE

*For the July 2021 Exam*



## Multiple choice questions - examples

*Master Programme Admission Process - ENGLISH Study Programmes, except EDURES*



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Master Programme Admission Process - ENGLISH Study Programmes, except EDURES

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*For a list of references, please refer to*

[https://admitere.ase.ro/masterat-2021/info\\_admitere\\_masterat/Tematica\\_si\\_bibliografie\\_concurs.pdf](https://admitere.ase.ro/masterat-2021/info_admitere_masterat/Tematica_si_bibliografie_concurs.pdf), page 29 of 31, code REI2

*Find links to the book: <https://bit.ly/3skQt7Q>*

*These multiple choice questions are solely based on the bibliography for the Master programmes taught in English in the Faculty of International Business and Economics. Exception to these is EDURES: the candidates for EDURES have the REI4 bibliography and they must pass a more in-depth interview on specialty topics, apart from a language exam (a short interview).*

*If you are a candidate for an English Study Programme, except EDURES, you must pass a short interview in English, to prove your level of the language is suitable for participating in a programme taught fully in English **and** also a multiple-choice question exam. For the latter, you have the MCQ following in these next pages.*

***If you have options for programmes in Romanian and in English, you shall have to pass two separate exams!***

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1. *What does the winner's curse refer to*
  - a. **The tendency of negotiators to settle too quickly on an item and then subsequently to feel discomfort about a negotiation win that comes too easily.**
  - b. To find out that the product is faulty after buying it.
  - c. The tendency of negotiators to not do business again with the other company, after closing the deal.
  - d. To lose in the negotiation subsequent to the one that has been won.
  - e. The tendency of negotiators to settle too slowly on an item, thus making the other party waste time during the negotiation.

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2. *What does the endowment effect refer to?*
    - a. **Overvaluing something you own or believe you possess**
    - b. Undervaluing something you own or believe you possess
    - c. Endowing your company with better production infrastructure
    - d. Endowing your company with improved negotiation capabilities
    - e. The observed increase in revenue after a won negotiation
  
  3. *Which of the following is not a characteristic of integrative negotiations?*
    - a. **Use subjective criteria for standards of performance**
    - b. Exchange information and ideas
    - c. Invent options for mutual gain
    - d. Commit to meeting the needs of all involved parties
    - e. Focus on commonalities rather than differences.
  
  4. *Lax and Sebenius made in 1986 a classification of interests. Which of the following represents their view?*
    - a. **Substantive, process, relationship and 'in principle' interests**
    - b. Personal interests and common interests
    - c. Nominal, real and effective interests
    - d. Fixed and variable interests
    - e. Objective and subjective interests
  
  5. *What does logrolling refer to?*
    - a. **Two negotiating parties have more than issue in conflict, have different priorities on these issues, therefore they trade them off: one party receives a highly preferred outcome on one issue, whilst the other party receives a highly preferred outcome on the other issue.**
    - b. Two negotiating parties have one issue in conflict, and have different priorities on that issues, therefore they compromise.
    - c. Two negotiating parties have more than issue in conflict, and have the same priority on those issues, therefore one of them concedes one of the issue to the other, and on the second issue they compromise.
    - d. Two negotiating parties have more than issue in conflict, and trade them off: one party concedes on one of the issues, and the other party concedes on the other issue.
    - e. Moving the negotiation forward by trying for compromise in all issues negotiated.
  
  6. *When does the Halo effect occur?*
    - a. **When people generalize about a variety of attributes based on the knowledge of one attribute of an individual.**
    - b. When people focus on the appearance of an individual.
    - c. When people generalize about a single attribute based on the knowledge of other attributes of an individual.
    - d. When people believe the individual they negotiate with has extraordinary qualities and is to be revered.
    - e. When people who are unskilled have a sense of superiority and behave like they are wearing a halo

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7. *When does the selective perception occur?*
- When the perceiver singles out certain information that supports or reinforces a prior belief and filters out information that does not confirm that belief.**
  - When the perceiver presents a single item of information in order to mislead the negotiator
  - When the perceiver focuses on a niche element, in order to shift the focus of the discussion
  - When the perceiver disconfirms evidence by strengthening his or her beliefs
  - When the perceiver remember his or her choices as better than they actually were.
8. *Which of the following is considered an example of a frame that the parties may use in disputes?*
- Loss-gain**
  - Inspiration
  - Adjective
  - Stereotyping
  - Validating
9. *Which of the following represent the biases that can threaten the email negotiations?*
- Temporal synchrony bias, Burned bridge bias, Squeaky wheel bias, Sinister attribution**
  - Belief bias, projection bias, time saving bias, unit bias
  - Choice supportive bias, IKEA effect, optimism bias, recency illusion
  - Distinction bias, negativity bias, normalcy bias, omission bias
  - Expectation bias, Dunning Kruger effect, empathy gap, hindsight bias
10. *From the point of view of the roles played by the team members, which are relationship oriented roles?*
- Encouraging, Harmonizing, Compromising, Gatekeeping, Standard Setting**
  - Initiating, information seeking, opinion seeking
  - Elaborating, Evaluating, Coordinating
  - Energizing, Blocking
  - Recognition seeker, Dominator, Avoider
11. *Which of the following is not a key process step that a chair can implement to assure having an effective, amicable disagreement on a team?*
- Approach the team members separately in an attempt to support one of them to win the argument**
  - Collect your thoughts and composure before speaking.
  - Try to understand the other person's position.
  - Try to think of ways that you both can win.
  - Consider how important this issue is to you.

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12. *What can a group facilitator do to keep the group moving toward a successful completion?*
- Shape and draft the tentative agreement.**
  - Move the group towards his proposed resolution
  - Order the group to implement the steps he proposes
  - Openly point out who is to blame for the missteps in negotiation
  - Send the postmortem report to the team pointing out the mistakes made
13. *There are factors that affect how men and women approach negotiation (from a gender perspective). Which of the following is not one of those factors?*
- View of self**
  - Problem solving through dialogue
  - Perceptions and stereotypes
  - Control through empowerment
  - Embedded view of agency
14. *A certain number of assertions are known to be true about gender differences in negotiation. Which of the following is false?*
- Stereotypes favor the female negotiator.**
  - The negative effect of stereotypes can be overcome.
  - The activated stereotype may matter more than the gender of the negotiator.
  - Women who use exchange tactics are less successful than men.
  - Females are 3.5 times less likely to be hired when aggressive.
15. *What is BATNA short for?*
- Best Alternative to a Negotiated Agreement**
  - Best Arbitrator to a New Agreement
  - Best Analogy in a Negotiating Agreement
  - Best Alternative to No Agreement
  - It is not short for anything, it is the name of the person who first mentioned it.
16. *What is mediation in international business?*
- The use of an arbitrator to solve a commercial dispute in international business**
  - The use of media to promote a product or a service in international business
  - The use of courts and lawyers to solve a commercial dispute in international business
  - There is no mediation as a concept in international business
17. *What are the fundamental elements of the negotiation process?*
- The parties involved in negotiation, the interdependence between the parties, the divergences, the voluntary collaboration and the common goal**
  - Just the parties involved in negotiation and the common goal
  - Just the interdependence and the divergences between the parties
  - The price, the quantity and the parties involved
18. *Which of the following may be considered as outcomes of a negotiation?*
- Win-win, win-lose, lose-lose, no deal**
  - Just win-win and win-lose
  - The common goal between the two parties negotiating
  - The walkaway point

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19. *What is the resistance threshold?*
- The last acceptable position (maximum of concessions)**
  - The maximum acceptable price for the seller
  - The minimum acceptable price for the buyer
  - The initial position for either the buyer or the seller
20. *Which of the following is NOT a step towards establishing BATNA?*
- Select the least advantageous alternatives**
  - Establish a list of alternatives that can be taken into account in the event of the failure of the negotiations
  - Select the most advantageous alternatives and turn them into practical options
  - Identify the most advantageous options in the event of blocking / failure of the negotiations
21. *What is the Zone of Potential Agreement (ZOPA)?*
- A case in which both parties negotiating decide that their respective BATNAs are inferior to the negotiated agreement**
  - An area in which the negotiating parties meet to discuss
  - A situation in which the parties reach definitely an agreement
  - There is no such concept in international business negotiations
22. *How can one classify negotiations based on the negotiation environment?*
- Internal and international**
  - Bilateral and multilateral
  - Distributive, integrative and rational
  - Social, political, commercial, diplomatic
23. *How can one classify negotiations based on the number of parties?*
- Bilateral and multilateral**
  - Internal and international
  - Distributive, integrative and rational
  - Social, political, commercial, diplomatic
24. *How can one classify negotiations based on the parties' behaviour?*
- Distributive, integrative and rational**
  - Internal and international
  - Bilateral and multilateral
  - Social, political, commercial, diplomatic
25. *How can one classify negotiations based on the subject?*
- Social, political, commercial, diplomatic**
  - Internal and international
  - Bilateral and multilateral
  - Distributive, integrative and rational
26. *What is the distributive strategy in international negotiations?*
- Win-lose**
  - Win-win
  - Rational
  - No deal

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27. *What is the integrative strategy in international negotiations?*
- Win-win**
  - Win-lose
  - Rational
  - No deal
28. *What is a concession in international negotiations?*
- The unilateral renunciation by one of the parties of one or more initial positions in order to create the conditions for the agreement**
  - The granting of mutual concessions to unlock negotiations
  - A compromise
  - There is no such concept in international business negotiations
29. *What is a compromise in international negotiations?*
- The granting of mutual concessions to unlock negotiations**
  - The unilateral renunciation by one of the parties of one or more initial positions in order to create the conditions for the agreement
  - A concession
  - There is no such concept in international business negotiations
30. *Which of the following is not a part of the process of defining the negotiation strategy and plan?*
- Establish the ZOPA**
  - Define the issues
  - Define the negotiation mix
  - Define the parties' interest
31. *What is the "issue-by-issue" negotiation technique?*
- A way to cut a deal based on distinct negotiation issues, which are discussed in order, one by one, without digressing**
  - A way to cut a deal based on negotiating all aspects as a whole
  - A manner to smooth the negotiations, by bringing into discussion the balance between the advantages and the concessions
  - A manner to divert attention from the critical points and to allow the negotiator to give the impression that they have previously made significant concessions
32. *What is the "packaged" negotiation technique?*
- A way to cut a deal based on negotiating all aspects as a whole**
  - A way to cut a deal based on distinct negotiation issues, which are discussed in order, one by one, without digressing
  - A manner to smooth the negotiations, by bringing into discussion the balance between the advantages and the concessions
  - A manner to divert attention from the critical points and to allow the negotiator to give the impression that they have previously made significant concessions

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33. What is the “balance sheet” negotiation technique?
- A manner to smooth the negotiations, by bringing into discussion the balance between the advantages and the concessions**
  - A way to cut a deal based on negotiating all aspects as a whole
  - A way to cut a deal based on distinct negotiation issues, which are discussed in order, one by one, without digressing
  - A manner to divert attention from the critical points and to allow the negotiator to give the impression that they have previously made significant concessions
34. What is the “fake pivot or pivotal” negotiation technique?
- A manner to divert attention from the critical points and to allow the negotiator to give the impression that they have previously made significant concessions**
  - A manner to smooth the negotiations, by bringing into discussion the balance between the advantages and the concessions
  - A way to cut a deal based on negotiating all aspects as a whole
  - A way to cut a deal based on distinct negotiation issues, which are discussed in order, one by one, without digressing
35. What is a persuasion tactic used in cooperative negotiation?
- The promise “If yes, then...”**
  - The threat: “If not, then...”
  - Play on trust
  - The bluff
36. What is a persuasion tactic used in conflictual negotiation?
- The threat: “If not, then...”**
  - The promise “If yes, then...”
  - Play on trust
  - The bluff
37. What is an influencing tactic used in conflictual negotiation?
- The bluff**
  - The threat: “If not, then...”
  - The promise “If yes, then...”
  - Play on trust
38. What is an influencing tactic used in cooperative negotiation?
- Play on trust**
  - The promise “If yes, then...”
  - The threat: “If not, then...”
  - The bluff
39. Which of the following is NOT a fundamental characteristic of culture?
- Interculturality**
  - Complete pattern of behaviour
  - Learned behaviour
  - Behaviour shared by a group of people
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40. When using the EXW delivery clause, which of the following responsibilities and rights are true?
- a. **Buyer takes costs and responsibility quite literally from the factory gate.**
  - b. Seller has to deliver the goods to a certain destination.
  - c. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.
  - d. Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
  - e. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
41. When using the FAS delivery clause, which of the following responsibilities and rights are true?
- a. **Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.**
  - b. Seller has to deliver the goods to a certain destination.
  - c. Buyers take costs and responsibility quite literally from the factory gate.
  - d. Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
  - e. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.
42. When using the FOB delivery clause, which of the following responsibilities and rights are true?
- a. **Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.**
  - b. Seller has to deliver the goods in the importer's country at a named place.
  - c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
  - d. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.
  - e. Buyers take costs and responsibility quite literally from the factory gate.
43. When using the FCA delivery clause, which of the following responsibilities and rights are true?
- a. **Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.**
  - b. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.
  - c. Seller has to deliver the goods in the importer's country at a named place.
  - d. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
  - e. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.

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44. When using the CPT delivery clause, which of the following responsibilities and rights are true?

- a. **Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.**
- b. Buyers take costs and responsibility quite literally from the factory gate.
- c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
- d. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- e. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.

45. When using the CIP delivery clause, which of the following responsibilities and rights are true?

- a. **Seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier.**
- b. Seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail.
- c. Buyers take costs and responsibility quite literally from the factory gate.
- d. Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.
- e. Seller puts the goods at the disposal of the buyer unloaded at the named terminal.

46. When using the DAT delivery clause, which of the following responsibilities and rights are true?

- a. **Seller clears the goods for export and bears all risks and costs associated with delivering the goods and unloading them at the terminal at the named port or place of destination, being also responsible for making the export clearance procedures.**
- b. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.
- d. The seller makes the goods available at his premises.
- e. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.

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47. When using the DAP delivery clause, which of the following responsibilities and rights are true?

- a. **Seller puts the goods at the disposal of the buyer at a named place of destination, on a vehicle not unloaded.**
- b. Seller clears the goods for export and bears all risks and costs associated with delivering the goods and unloading them at the terminal at the named port or place of destination, being also responsible for making the export clearance procedures.
- c. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- d. Buyers take costs and responsibility quite literally from the factory gate.
- e. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.

48. When using the DDP delivery clause, which of the following responsibilities and rights are true?

- a. **Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.**
- b. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.
- c. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- d. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.
- e. Seller has to deliver the goods to a certain destination.

49. When using the FOB delivery clause, which of the following responsibilities and rights are true?

- a. **Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.**
- b. The seller hands over the goods, cleared for export, into the custody of the first carrier (named by the buyer) at the named place.
- c. Buyers take costs and responsibility quite literally from the factory gate.
- d. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- e. The seller makes the goods available at his premises.

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50. When using the CFR delivery clause, which of the following responsibilities and rights are true?

- a. **Seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail.**
- b. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- c. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.
- d. Buyers take costs and responsibility quite literally from the factory gate.
- e. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.

51. When using the CIF delivery clause, which of the following responsibilities and rights are true?

- a. **Seller must pay the costs and freight to bring the goods to the port of destination and to procure and pay for insurance for the buyer.**
- b. Buyers take costs and responsibility quite literally from the factory gate.
- c. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- d. Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.
- e. Seller puts the goods at the disposal of the buyer unloaded at the named terminal.

52. Which of the following are considered for deciding the packing of goods delivered internationally?

- a. **Nature of the goods, value of the goods, means of transportation, import duties, legal requirements.**
- b. Nature of the goods, value of the goods, means of transportation.
- c. Value of the goods, means of transportation, import duties.
- d. Nature of the goods, value of the goods, means of transportation, import duties, logistic chains.
- e. Nature of the goods, value of spare parts, means of transportation, export duties, legal requirements.

53. What are the main functions of freight forwarders?

- a. **Forwarding an export shipment from the point of origin to the ultimate destination in some foreign market and engaging of space on transportation carriers.**
- b. Reduce the rigourousness of immobility of certain factors of production.
- c. Help each region and country to make optimum and efficient use of its national resources.
- d. Play a connective role among the several steps that result in the conversion of resources into useful goods in the name of the ultimate consumer.
- e. Is the base of efficiency and economy in business logistics and expands other functions of logistics system.

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54. Which of the following are the characteristics of a documentary letter of credit?
- Formalism, independence, firmness of banking agreement, adaptability, safety**
  - Dependence, flexibility, firmness of banking agreement, imitation
  - Formalism, independence, firmness of banking agreement, risky
  - Independence, firmness of banking agreement, adaptability, safety
  - Formalism, interdependence, firmness of banking agreement, adaptability, safety
55. What does the formula “Tel Quel” or TQ refer to in relation to the quality of the merchandise?
- The buyer accepts the merchandise “as is”**
  - The buyer accepts the merchandise if it arrives at its destination without qualitative changes
  - The buyer accepts the merchandise under any conditions, but if qualitative degradations occurs, the seller must offer a discount
  - There is no such formula in international trade
56. What does the formula “Sound delivered” or SD refer to in relation to the quality of the merchandise?
- The buyer accepts the merchandise if it arrives at its destination without qualitative changes**
  - The buyer accepts the merchandise “as is”
  - The buyer accepts the merchandise under any conditions, but if qualitative degradations occurs, the seller must offer a discount
  - There is no such formula in international trade
57. What does the formula “Rye Terms” or RT refer to in relation to the quality of the merchandise?
- The buyer accepts the merchandise under any conditions, but if qualitative degradations occurs, the seller must offer a discount**
  - The buyer accepts the merchandise if it arrives at its destination without qualitative changes
  - The buyer accepts the merchandise “as is”
  - There is no such formula in international trade
58. What does the formula “Neto” refer to in relation to packaging?
- The price of the packaging is included in the price of the goods**
  - The price of the packaging is separate from the price of the goods
  - The price of the packaging is calculated at the unit price of the goods
  - There is no such formula in international trade
59. What does the formula “Neto plus packaging” refer to in relation to packaging?
- The price of the packaging is separate from the price of the goods**
  - The price of the packaging is included in the price of the goods
  - The price of the packaging is calculated at the unit price of the goods
  - There is no such formula in international trade

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60. What does the formula “Bruto per neto” refer to in relation to packaging?
- The price of the packaging is calculated at the unit price of the goods**
  - The price of the packaging is separate from the price of the goods
  - The price of the packaging is included in the price of the goods
  - There is no such formula in international trade
61. Which of the following is *NOT* part of the border import price?
- Storage expenses**
  - Exporter’s price
  - Packaging price
  - Logistics expenses
62. What does the price review clause allow for?
- The parties to renegotiate the price if some clearly defined conditions (e.g., alteration of price of raw materials over a certain level) are encountered**
  - A change in the contract price by a certain percentage, clearly indicated, if the value of the benchmark to which the commodity relates changes beyond a limit
  - An indexation of the currency of the contract according to a reference currency
  - Benchmarking to a selected group of more stable currencies
63. What does the indexation clause allow for?
- A change in the contract price by a certain percentage, clearly indicated, if the value of the benchmark to which the commodity relates changes beyond a limit**
  - The parties to renegotiate the price if some clearly defined conditions (e.g., alteration of price of raw materials over a certain level) are encountered
  - An indexation of the currency of the contract according to a reference currency
  - Benchmarking to a selected group of more stable currencies
64. What does the currency clause allow for?
- An indexation of the currency of the contract according to a reference currency**
  - A change in the contract price by a certain percentage, clearly indicated, if the value of the benchmark to which the commodity relates changes beyond a limit
  - The parties to renegotiate the price if some clearly defined conditions (e.g., alteration of price of raw materials over a certain level) are encountered
  - Benchmarking to a selected group of more stable currencies
65. What does the currency basket clause allow for?
- Benchmarking to a selected group of more stable currencies**
  - An indexation of the currency of the contract according to a reference currency
  - A change in the contract price by a certain percentage, clearly indicated, if the value of the benchmark to which the commodity relates changes beyond a limit
  - The parties to renegotiate the price if some clearly defined conditions (e.g., alteration of price of raw materials over a certain level) are encountered

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66. Which of the following is *NOT* a disadvantage to the maritime transport?
- Short and medium range**
  - Long transit time
  - Inland transport costs
  - Port congestions, trans-shipments
67. Which of the following is *NOT* a disadvantage to the rail transport?
- Prohibition of transport of dangerous goods**
  - Suitable only for long distance
  - Limits to infrastructure
  - Trans-shipments
68. Which of the following is *NOT* an advantage to the road transport?
- Low costs**
  - Short transit time
  - Large accessibility inland
  - Door-to-door services, avoiding trans-shipments
69. The *Bill of Lading* or *B/L* is used in which mode of transport?
- Maritime**
  - Rail
  - Road
  - Air
70. Which is *NOT* an advantage to the *Letter of Credit L/C*?
- High costs**
  - Document Compliance Control
  - Proved fraud is the only situation in which the refusal to pay is allowed
  - Total security if confirmed, satisfactory security if not confirmed
71. Which is *NOT* a disadvantage to the *Letter of Credit L/C*?
- Document Compliance Control**
  - High costs
  - May indicate lack of trust
  - Formalism
72. What does the *customs clearance procedure* refer to?
- All formalities necessary for the release of goods into free circulation at export/import**
  - Physically crossing a border via the customs office
  - All formalities necessary to pay the customs officers
  - There is no such concept in international trade
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73. According to the Delors Report, it is a precondition to the establishment of the EMU:
- positive economic growth for at least 2 years prior to the creation of the EMU;
  - complete liberalization of capital transactions and integration of the financial sector;**
  - employment rates of 70%, at least;
  - World Bank loan to guarantee stability of the currency;
  - limited convertibility of the currencies.
74. The primary objective of the European Central Bank is:
- independence;
  - high employment;
  - economic balanced growth;
  - fiscal convergence;
  - price stability.**
75. The formulation of monetary policy in the Euro Area is the responsibility of the:
- Council of the EU;
  - Executive Body of the European Central Bank;
  - European Council;
  - Governing Council of the European Central Bank;**
  - governors of the national central banks of the EU Member States.
76. Attainment of a zone of internal and external monetary stability in Europe (involving both low inflation and stable exchange rates) was the objective of:
- Euro-area;
  - European Single Market;
  - European Monetary System;**
  - International Monetary Fund;
  - European Investment Bank.

77. In 1999, the situation of convergence indicators, by member state, is presented below:

	Germany	France	Italy	Belgium	Netherlands	Luxembourg	UK	Ireland	Denmark	Greece	Spain	Portugal	Austria	Finland	Sweden
Price stability – INFLATION RATE (%)	1,3	1,2	2,4	2	2,1	1,7	1,9	3	1,8	3,2	2,8	2,9	1,6	2	2,1

Which Member State is not complying with the price stability criteria for adopting the Euro?

- Italy;
- Spain;
- France;
- Finland;
- Ireland**



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78. *The EU Competition Policy:*

- a. **encourages industrial efficiency, optimal allocation of resources;**
- b. encourages member states to provide state aid to local companies;
- c. ensures the protection of European companies from the competition of the companies located in third countries;
- d. encourages price fixing and activities of market share decisions of various associations of companies;
- e. regulates intra-EU trade with industrial products.

79. *According to the EU competition policy the abuse of dominant position does not refer to:*

- a. limiting of production or investment of US based subsidiaries operating on the EU territory;
- b. directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
- c. making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts;
- d. limiting technical development, access to supply sources and markets to competitors;
- e. **state aid granted to companies to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment.**

80. *According to the EU competition policy, it cannot be considered compatible to the EU treaties:*

- a. aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;
- b. **aid granted by the European Commission to a large state owned company, creating a competitive advantage, to increase the capacity to compete with US based companies;**
- c. agreements between undertakings which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question;
- d. aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;
- e. aid to make good the damage caused by natural disasters or exceptional occurrences.

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81. *The supervision of the way in which the EU competition rules are implemented falls under the responsibility of:*

- a. European Council;
- b. European Commission;**
- c. European Central Bank;
- d. European Court of Auditors;
- e. European Parliament.

82. *Under the EU cohesion policy, the principle of concentration refers to:*

- a. EU funding should be targeting only relevant employment objectives related to industrial areas;
- b. EU funding should be targeting a limited number of areas/specific objectives/sectors;**
- c. EU funding should be available to members states for limited periods – the 7 years programming periods;
- d. EU should be targeting at least 2 of the EU common objectives and at most 2 of the national objectives;
- e. EU funding should substitute the national efforts of the Member states and spending for the objectives and areas targeted by EU funded programs.

83. *The EU Cohesion policy:*

- a. is aiming at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions;**
- b. is primarily concerned with expanding consumption directly in all EU regions;
- c. is primarily concerned with redistribution of income to increase consumptions in EU poorest regions;
- d. is primarily concerned with developed regions and technology intensive industries in the EU to boost their economic competitiveness;
- e. is aiming at reducing disparities between the levels of development of the EU Member states as compared to United States of America.

84. *The European Social Funds is used for funding:*

- a. investments related road infrastructures;
- b. investments related to ITC infrastructures;
- c. investments related to social infrastructures;
- d. investments related to training of human capital;**
- e. investments related to training and education buildings.

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85. *The Stability and Growth Pact:*
- a. **is laying out the rules for the budgetary discipline of the member states;**
  - b. is laying out the rules for the political stabilization on Balkans area;
  - c. is laying out the rules and objective of the investment policies of the member states;
  - d. is laying out the rules for the European Commission to monitor the inflation rates in the member states;
  - e. is laying out the rules for the European Central Bank to monitor the interest rates in the member states.
86. *At its creation, in 1962, the Common Agricultural Policy aimed at:*
- a. **ensuring fair prices for farmers;**
  - b. promoting environmental friendly technologies in agriculture;
  - c. promoting cultural development of rural areas;
  - d. encouraging early retirement for farmers;
  - e. primarily funding the development of non-agricultural activities in rural areas.
87. *It is not a principle of the Common Agricultural Policy:*
- a. common organization of markets;
  - b. preference for Community goods;
  - c. financial solidarity;
  - d. free movement of agricultural goods;
  - e. **preference for imported goods from least developed countries.**
88. *One of the following is not included among the nominal convergence criteria of the EMU (so-called the Maastricht criteria):*
- a. country's inflation rate should not exceed by more than 1.5 percentage points the average of the three lowest inflation rates achieved by the European Union member countries;
  - b. public debt should not exceed 60% of its GDP or be moving in that direction;
  - c. government deficit should be less than 3%;
  - d. **GDP/cap in the EU most deprived regions should exceed 75% of EU GDP/cap average.**
89. *In the European Union, Economic and Monetary Union implies:*
- a. positive economic growth for at least 2 years prior to the creation of the EMU;
  - b. **a common currency and a common monetary policy;**
  - c. a common industrial policy;
  - d. World Bank loans to guarantee stability of the currency;
  - e. limited convertibility of the currencies.
90. *The primary objective of the European Central Bank is:*
- a. high productivity
  - b. high employment;
  - c. economic balanced growth;
  - d. fiscal convergence;
  - e. **price stability.**

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91. *Within the EU Single Market, the free movement of persons implies:*

- a. **removal of internal border controls and barriers to the movement of persons;**
- b. gradual removal of import and export customs duties between EU member states;
- c. implementation of the EU Customs Union;
- d. governance of EU common economic policies;
- e. financial solidarity among members of Schengen area

92. *The formulation of monetary policy in the Euro Area is the responsibility of the:*

- a. Council of the EU;
- b. European Commission;
- c. European Council;
- d. **Governing Council of the European Central Bank;**
- e. governors of the national central banks of the EU Member States.

93. *The EU Stability and Growth Pact:*

- a. **sets the rules for maintaining the budgetary discipline of the EMU member states;**
- b. sets the rules for maintaining the political stabilization on Balkans area;
- c. sets the rules and objective of the investment policies of the member states;
- d. sets the rules for the European Commission to monitor the inflation rates in the member states;
- e. sets the rules for the European Central Bank to monitor the interest rates in the member states.

94. *Drafting the new legislative proposals is the responsibility of the:*

- a. European Council;
- b. **European Commission;**
- c. European Central Bank;
- d. European Court of Auditors;
- e. European Parliament.

95. *Under the EU cohesion policy, the principle of concentration refers to:*

- a. EU funding should be targeting only on relevant employment objectives related to industrial areas;
- b. **EU funding should be targeting on a limited number of areas/specific objectives/sectors;**
- c. EU funding should be available to members states for limited periods – the 7 years programming periods;
- d. EU should be targeting at least 2 of the EU common objectives and at most 2 of the national objectives;
- e. EU funding should substitute the national efforts of the Member states and spending for the objectives and areas targeted by EU funded programs.

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96. Under the EU cohesion policy, the principle of additionality refers to:

- a. **EU funding must not replace national funding, but supplement it;**
- b. EU funds should be spent in the least EU developed regions and countries;
- c. EU funds must be spent by the end of the second year after their allocation;
- d. EU programmes should be developed through a collective process involving authorities at European, regional and local level;
- e. EU funding should be available to members states for limited periods, respectively at least five years.

97. The EU Cohesion policy:

- a. **is aiming at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions;**
- b. is primarily concerned with expanding consumption directly in all EU regions;
- c. is primarily concerned with redistribution of income in order to increase consumptions in the EU regions;
- d. is primarily concerned with developed regions and technology intensive industries in the EU to boost their economic competitiveness;
- e. is aiming at reducing disparities between the levels of development of the EU Member states as compared to United States of America.

98. At its creation, in 1962, the Common Agricultural Policy aimed at:

- a. **ensuring fair prices for farmers;**
- b. promoting environmentally friendly technologies in agriculture;
- c. promoting cultural development of rural areas;
- d. encouraging early retirement for farmers;
- e. primarily funding the development of non-agricultural activities in rural areas.

99. It is not a principle of the Common Agricultural Policy:

- a. common organization of markets;
- b. preference for Community goods;
- c. financial solidarity;
- d. free movement of agricultural goods;
- e. **preference for imported goods coming from the least developed countries.**

100. Only one of the following assertions concerning the role of the European Council is true:

- a. **European Council provides broad guidelines for the EU policy**
- b. European Council implements the EU economic policy at micro-level
- c. European Council advises smaller EU Member States
- d. European Council has no an active role in the EU
- e. European Council's members are directly elected by the EU national governments

101. Which of the following is NOT a role of the European Commission?

- a. **control and, when it is the case, supervise the management of all EU institutions**
- b. submit a legislative proposal to the Council and Parliament
- c. manage the EU funding programmes carried out by its departments
- d. propose and implement the EU budget
- e. sets EU spending priorities, together with the Council and Parliament

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102. One of the following assertions concerning the European Parliament is correct:

- a. **European Parliament members are directly elected by the EU citizens in special election organized by each Member State every five years**
- b. European Parliament members are named by the EU Member States governments
- c. European Parliament members are just members of the national governments sent to Brussels for a short period of time
- d. European Parliament provides surveillance and enforcement of EU law in coordination with the EU Court of Justice
- e. European Parliament negotiates international agreements on behalf of the EU

103. One of the following assertions regarding the role of the Council of the European Union is correct:

- a. **Council of the European Union approves the EU budget, jointly with the European Parliament**
- b. Council of the European Union approves the EU budget by itself
- c. Council of the European Union is the same with the European Council
- d. Council of the European Union has no an active role in the EU
- e. Council of the European Union proposes the draft of the EU Budget

104. According to the Lisbon Treaty, the EU exclusive competences do not cover one of the following:

- a. areas where only the EU alone is able to legislate and adopt binding acts
- b. areas where the EU member states are able to do so themselves only if are empowered by the EU to implement these acts
- c. common monetary policy for Euro area member states
- d. **areas where the EU countries exercise their own competence only when the EU does not exercise (or has decided not to exercise) its own competence**
- e. establishing of competition rules necessary for the functioning of the internal market

105. One of the following assertions is not true:

- a. in the WTO, the EU is represented by the European Commission
- b. trade represents an area of exclusive competence in the EU
- c. Lisbon Treaty extended the EU competencies in the field of the foreign policy
- d. European citizenship was first introduced by the Maastricht Treaty
- e. **in the ordinary legislative procedure, the European Commission and the European Parliament act as co-legislators.**

106. Which of the following is NOT a role of the European Court of Auditors?

- a. checks if the EU Budget was correctly implemented
- b. supports the EU budgetary authorities, the European Parliament and the Council
- c. reports suspicions of fraud, corruption, illegal activities directly to the OLAF
- d. **draws up the annual EU Budgets**
- e. it is in charge with the audit of the EU finances

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107. One of the following does not represent an income of the EU budget:

- a. customs duties on imports from outside the EU
- b. a percentage of the uniform rate of the harmonised VAT base
- c. a percentage of the member states' national GNI
- d. **a percentage of the uniform rate on service income tax**
- e. contributions from non-EU member states on certain EU programmes

108. The shared competences of the European Union relate to:

- a. **areas in which both the EU and the Member States have the right to legislate and adopt legally binding acts**
- b. the coordination in the field of economic and employment policies
- c. areas where only the EU can legislate and adopt legally binding acts
- d. all matters relating to the common foreign and security policy of the European Union
- e. areas where only some EU institutions co-legislate, respectively European Parliament and Council

109. Which institutions share the executive and legislative power within the so-called EU "institutional triangle"?

- a. **the European Commission, the Council of the European Union and the European Parliament**
- b. the Council of the European Union, the European Commission and the European Council
- c. the Council of the European Union, the European Central Bank and the European Council
- d. the European Parliament, the European Commission and the European Court of Justice
- e. the European Central Bank, the European Court of Justice and the European Court of Auditors

110. According to the nominal convergence criteria (Maastricht criteria), to what percentage of the Gross Domestic Product (GDP) should be the government deficit limited?

- a. 60%
- b. **3%**
- c. 30%
- d. 6%
- e. 5%

111. Which of the following statements is not true:

- a. **The European Parliament ensures the uniform interpretation and application of EU law**
- b. European citizenship was introduced by the Maastricht Treaty
- c. The European Parliament has powers of scrutiny over the European executive (European Commission)
- d. The Commission is the EU institution that has a monopoly on legislative initiatives
- e. The Council of the EU represents the EU members governments in the legislative process

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112. The EU Council is a single legal entity, which meets in ... different "formations", depending on the subject under discussion:

- a. **a.10**
- b. b 8
- c. c.9
- d. d.11
- e. e.15

113. The case of *Cassis de Dijon* (1979 European Court of Justice ruling) led to the elaboration of the:

- a. **principle of the mutual recognition**
- b. principle of the subsidiarity
- c. principle of the equal opportunities
- d. principle of the proportionality
- e. principle of the concentration

114. How long does the presidency of the Council of the European Union last?

- a. **6 months**
- b. 5 years
- c. 2 and a half years
- d. 4 years
- e. 1 year

115. One of the following is not a function of the European Parliament:

- a. **the subsidiarity function**
- b. the legislative function
- c. the political control function
- d. the budgetary function
- e. the supervisory function

116. Choose the correct statement regarding the European institutions:

- a. EU Council meetings is attended by representatives of the most important national non-governmental organizations
- b. European Central Bank with the national central banks forms together the Central European Financial Institutions
- c. **The first European Commission was set by the ECSC Treaty under the name of the High Authority**
- d. the European Court of Auditors was established in 1957 by Rome Treaty
- e. the role of the Court of Justice of the EU is to propose necessary drafting legislation to be then adopted by the European Parliament.

117. Which of the following waves of enlargement has generated the most significant increase of the EU GDP in relative terms (as percentage) ?

- a. **1973**
- b. 1986
- c. 1995
- d. 2004
- e. 2007

118. What is the condition for an EU region to be considered a convergence region?

- a. **To typically have a per capita income of less than 75% of the EU average**
- b. To have a per capita income equal to the EU average
- c. There is no such thing as a convergence region
- d. All EU regions are convergence regions
- e. To have an overall income higher than the EU average



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119. What does the principle of "Direct effect" refer to?
- EC laws must be enforced by Member States courts, just as if the law had been passed by the national parliament**
  - EC laws are optional for Member States
  - EC laws must be passed by the national Member States parliaments
  - This principle does not refer to EC laws
  - This is a principle related to any type of law, not just supranational related
120. Which are the principles of the EC legal system?
- Direct effect, primary of EC law, autonomy**
  - Indirect effect, solidarity
  - Convergence, solidarity
  - Convergence, cohesion
  - There are no clearly defined principles to the EU legal system
121. Which of the following assertions is true in which regards the role of the European Council?
- The European Council provides broad guidelines for EU policy**
  - The European Council implements at micro-level the EU policy
  - The European Council advises the Member States
  - The European Council has a formal role in law-making
  - The European Council has no active role in the EU
122. Which of the following assertions is true in which regards the role of the Council of the European Union?
- The Council of the European Union approves the EU budget, jointly with the European Parliament**
  - The Council of the European Union approves the EU budget by itself
  - The Council of the European Union is the same with the European Council
  - The Council of the European Union has no active role in the EU
  - The Council of the European Union does not take decisions related to the Common Foreign and Security Policies (CFSP)
123. Which of the following assertions is true in which regards the role of the European Commission?
- The Commission is the gatekeeper of the European Integration because it has the „right to initiate,, EU legislation proposals**
  - The Commission is the legislative body of the EU
  - The Commission approves and does not manage the EU budget
  - The Commission does not represent the EU at international negotiations
  - The Commission does not coordinate with the EU Court in which concerns the surveillance and enforcement of the EU law
124. Which of the following is NOT a role of the European Commission?
- To oversee all EU institutions**
  - To propose legislation to the Council and Parliament
  - To administer EU policies
  - To implement EU policies
  - To provide surveillance and enforcement of EU law in coordination with the EU Court

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125. Which of the following assertions is true in which regards the European Parliament?
- a. **The European Parliament members are directly elected by the EU citizens in special election organized in Each Member State every five years.**
  - b. The European Parliament members are named by the Member States governments
  - c. The European Parliament members are just members of the national governments sent to Brussels for a short period
  - d. The European Parliament administers and implements EU policies
  - e. The European Parliament provides surveillance and enforcement of EU law in coordination with the EU Court
126. Which of the following is NOT an objective of the EU regional policy for 2007-2013?
- a. **Direct effect**
  - b. Convergence
  - c. Regional competitiveness
  - d. Regional employment
  - e. Territorial cooperation
127. Which of the following is NOT a basic rule of the structural spending?
- a. **Better regulation**
  - b. Concentration
  - c. Coherence
  - d. Coordination
  - e. Consistency and complementarity
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128. Which of the following statements about the size of multinational corporations (MNCs) is correct?
- a. No MNC is larger than the national economies of any world country
  - b. MNCs are usually larger than most national economies of world countries
  - c. By international law, MNCs may not be larger than the economies of the countries in which they are located
  - d. Many MNCs are larger than some national economies of the countries of the world**
  - e. The size of MNCs is diminishing relative to the size of the economies of the world's countries
129. One of the following is true:
- e. World Bank and International Monetary Fund (IMF) are members of the United Nation System**
  - f. World Bank and IMF finance the development projects around the less developed countries
  - g. Developed countries do not have access to the IMF's resources
  - h. The International Bank for Reconstruction and Development and the International Development Association are part of the IMF
  - i. The Multilateral Investment Guarantee Agency provides interest-free loans and grants to governments of the poorest countries.
130. All of the following are reasons for the low labor productivity in LDCs, EXCEPT:
- a. Rates of capital investment are low.
  - b. Most capital is generated by foreign-owned firms, whose major interest is profits, not job creation.
  - c. Most developing countries lack machines and power networks to produce most efficiently.
  - d. The small scale of farming in most LDCs generates few economies of scale.
  - e. Too many people are in school, rather than being available for work.**
131. Air pollution from automobile exhausts, and water pollution steel plants are examples of:
- a. sustainable ways for developing the industrial sector.
  - b. negative externalities**
  - c. bad investments
  - d. social unrest
  - e. lack of public interest for economic development
132. The poorest region of the world is:
- a. the Middle East.
  - b. sub-Saharan Africa.**
  - c. Asia.
  - d. Latin America
  - e. East Asia and Pacific

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133. *The balance of payments on the current account plus the balance of payments on the financial account should be equal to:*
- a. **zero**
  - b. one
  - c. the trade balance
  - d. net capital flows
  - e. the size of the trade deficit
134. *Members of a customs union agree to:*
- j. **eliminate trade barriers among themselves and impose common external trade barriers**
  - k. eliminate trade barriers only among themselves
  - l. eliminate internal and external trade barriers and allow the free movement of factors of production
  - m. adopt a common currency
  - n. adopt a common international economic policy
135. *Which of the following is the key statistic used to track economic growth:*
- a. GDP
  - b. real GDP
  - c. **real GDP per capita**
  - d. GNI
  - e. GNI per capita
136. *The most successful example of regional integration to date is:*
- o. **The European Union**
  - p. NAFTA
  - q. OPEC
  - r. MERCOSUR
  - f. ASEAN
137. *The fastest-growing world trade region is:*
- s. **East Asia and Pacific**
  - t. The Middle East
  - u. Latin America
  - v. The European Union
  - g. South America
138. *The functions of the International Monetary Fund include all of the following except...*
- a. to provide loans to countries facing balance of payments problems
  - b. to monitor the economic and financial policies of the member countries
  - c. to provide technical assistance and training to its member countries
  - d. **to reduce poverty and promote income growth**
  - e. to ensure the stability of the international monetary system

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139. Which of the following statements is true?
- In less developed countries, a large share of the labor force works in the tertiary sector
  - Less developed countries export high-valued, manufactured goods, resulting in foreign revenues
  - In most developing countries (especially those in Latin America), land is a critical resource essential to survival**
  - Reliance of less developed countries on exports of commodities is a positive aspect as the price of commodities is high
  - Brain drain phenomenon is characteristic to the developed countries
140. Which of the following is a characteristic problem of the LDCs?
- low population growth
  - lack of capital and investment**
  - good terms of trade
  - high foreign direct investment rate
  - easy access to credit lines
141. Which of the following statements is false?
- an expansionary monetary policy is used during recession periods
  - a contractionary monetary policy has the goal of combatting unemployment**
  - an expansionary fiscal policy has the purpose of expanding the real output
  - import quotas and subsidies represent examples of non-tariff barriers to trade
  - an expansionary monetary policy is associated with lowering interest rates
142. John Dunning defines transnational corporations as:
- a company that engages in foreign direct investment and that owns and controls value-creating activities in more than one country;**
  - a company that engages in foreign direct investment and is controlled by a shareholder from a developed country;
  - a company that engages in foreign direct investment and owns and controls value-creating activities in a developing country;
  - a firm that engages in foreign direct investment and owns and controls value-creating activities in a developed country.
  - a company that owns and invest in manufactured goods
143. One of the dimensions of the natural potential is:
- Human potential**
  - Economic potential
  - Technological potential
  - Investment potential
  - Military potential.
144. 50. An ethnocentric orientation of a transnational society involves:
- adaptation to local conditions
  - concentration on the country of origin**
  - concentration on regional markets
  - imposing conditions in the least developed country
  - discrimination against local companies.

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145. A polycentric orientation of a transnational society involves:
- adaptation to local conditions**
  - imposition the conditions of the country of origin
  - imposing conditions in the most developed country
  - imposing conditions in the least developed country
  - discrimination against local companies.
146. From a cost perspective, internationalization may offer advantages related to:
- economies of scale**
  - favorable legislation
  - cultural factors
  - religious aspects
  - geographical aspects.
147. Which of the following statements is true?
- the rate of economic growth is not similar to economic development**
  - most of the LDCs (less developed countries) have favorable terms of trade
  - In less developed countries, investments in R&D (research and development) are high
  - Multinational corporations (MNCs) are looking for cheap labor force; therefore, they invest only in less developed countries.
  - Multinational corporations (MNCs) have are looking for cheap labor force; therefore, they invest only in less developed countries
148. The most favorable environment for the appearance and unprecedented development of the corporate phenomenon is characterized by:
- entrepreneurial spirit**
  - command economy
  - centralized management
  - countries access to maritime routes
  - cultural aspects.
149. Purchasing Power Parity (PPP) is, in fact, an economic approach that allows:
- the comparison of the currencies of two countries through several statistical methods**
  - the comparison of the level of development of two countries through several statistical methods
  - the comparison of the economic growth of two countries through several statistical methods
  - the comparison of the level of foreign direct investments of two countries through several statistical methods
  - the comparison of the level of external debt of two countries through several statistical methods

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150. *The functions of the International Monetary Fund include all of the following except...*
- to provide loans to countries facing balance of payments problems
  - to monitor the economic and financial policies of the member countries
  - to provide technical assistance and training to its member countries
  - to ensure gender equality and to protect civil rights**
  - to ensure the stability of the international monetary system
151. *Which of the following was created under the Bretton Woods system to manage the reconstruction of the world economy?*
- the International Bank for Reconstruction and Development.**
  - the General Agreement on Tariffs and Trade.
  - the European Union.
  - NATO.
  - MERCOSUR.
152. *Which of the following statement is true?*
- Developed countries suffer from lack of capital investments
  - Gross Domestic Product (GDP) may be less illustrative for international comparisons than GDP per capita**
  - Gross Domestic Product (GDP) is always used when level of development of different countries is considered
  - Less developed Countries (LDCs) have high foreign direct investment rate
  - Less developed Countries (LDCs) have easy access to credit lines
153. *The transfer price is:*
- a practice by which certain products are traded within a transnational company, so as to pay as low taxes as possible**
  - a practice by which certain products are traded by transnational corporations between developed countries (from which those products are transferred) to developing countries (to which those products are transferred)
  - a practice by which technology is transferred between transnational corporations
  - the price at which the assets are transferred from one company to another
  - a practice by which research is transferred between transnational corporations
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154. *Specific tariffs are*

- a. import taxes stated in specific legal statutes.
- b. import taxes calculated as a fixed charge for each unit of imported goods.**
- c. import taxes calculated as a fraction of the value of the imported goods.
- d. the same as import quotas.
- e. the same as railroad tariffs.

155. *Ad valorem tariffs are*

- a. import taxes stated in ads in industry publications.
- b. import taxes calculated as a fixed charge for each unit of imported goods.
- c. import taxes calculated as a fraction of the value of the imported goods.**
- d. the same as import quotas
- e. the same as railroad tariffs.

156. *Which of the following is a fixed percentage of the value of an imported product?*

- a. Specific tariff
- b. Ad valorem tariff**
- c. Nominal tariff
- d. Effective protection tariff
- e. Trade-weighted average tariff.

157. *A tax of 20 RON per unit of imported garlic is an example of a(n)*

- a. specific tariff.**
- b. ad valorem tariff.
- c. two-part tariff.
- d. effective protection tariff.
- e. trade-weighted average tariff.

158. *A tax of 20 percent of the value of the imported garlic is an example of a(n)*

- a. specific tariff.
- b. ad valorem tariff.**
- c. two-part tariff.
- d. effective protection tariff.
- e. trade-weighted average tariff.

159. *One thousand \$40 Swatch watches are imported and the government collects \$510 in tariff revenue by applying a specific tariff. What is the specific tariff?*

- a. the tariff cannot be estimated with the information given
- b. \$1.96 on every wristwatch imported
- c. 1.27% of the value of imported wristwatches
- d. \$0.51 on every wristwatch imported**
- e. \$12.75 on every wristwatch imported



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160. *The following assertion is false:*
- Average tariffs can be measured as a simple average across product categories.
  - In general, average tariffs are higher in developing countries.
  - Average tariffs can be weighted by the level of imports.
  - In general, average tariffs are lower in developed countries.
  - Tariffs on agricultural products are lower than average for most countries.**
161. *The following assertion is false:*
- A specific and an ad valorem tariff cannot be levied on the same product simultaneously.**
  - Quotas and other types of regulations can also affect trade flows between countries.
  - Reducing the tariffs on imported goods allows products to enter at lower cost.
  - Applying the same tariff to all goods imported into the country is an uncommon policy.
  - Tariffs were perhaps the most commonly applied trade policy.
162. *The following assertion is false:*
- Prohibitive tariffs are tariffs set so high as to eliminate imports.
  - The importance of tariffs has declined in modern times.
  - Import quotas are limitations on the value of imports.**
  - Import quotas are nontariff barriers.
  - Tariffs have been traditionally used as a source of government income.
163. *Home import demand is:*
- what Home consumers demand
  - what import competitors demand
  - what Foreign producers supply
  - the difference between what Foreign consumers demand and what Home consumers demand
  - the excess of what Home consumers demand over what Home producers supply**
164. *Home export supply is:*
- what Home producers supply
  - what Foreign consumers demand
  - the excess of what Home producers supply over what Foreign producers supply
  - the difference between what Foreign consumers demand and what Home producers supply
  - the excess of what Home producers supply over what Home consumers demand**

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165. *The following assertion is false:*

- a. During a period of price inflation, an ad valorem tariff would become increasingly more effective than an equivalent specific tariff.
- b. Tariffs have been one of the most common methods used to collect revenue for governments.
- c. Tariffs raise the cost of importing products from abroad, as well as the cost for domestic firms.**
- d. An ad valorem tariff is not levied as a fixed charge per unit of imports.
- e. Governments rarely apply the same tariff to all goods and services imported into the country.

166. *The following assertion is true:*

- a. A specific and an ad valorem tariff can be levied on the same product simultaneously.**
- b. Import quotas are limitations on the value of imports.
- c. An ad valorem tariff is levied as a fixed charge per unit of imports.
- d. Tariffs on agricultural products are lower than average for most countries.
- e. In general, average tariffs are higher in developed countries.

167. *Suppose a country has relatively little trade because it has prohibitive tariffs in many import categories and has some trade in a few import categories with relatively low tariffs. In this case, the following assertion is false:*

- a. There would be no tariff revenue in the categories with prohibitive tariffs.
- b. The trade-weighted average tariff would be relatively high.**
- c. The simple average tariff would register as a higher average tariff.
- d. The simple average tariff would indicate a highly protectionist country.
- e. The trade-weighted average tariff would be relatively low.

168. *To use the average tariff rate on dutiable imports:*

- a. is the best way to overstate the degree of protection.**
- b. considers all categories in which the tariff is set to zero.
- c. ignores categories in which a tariff is actually levied.
- d. would give a lower estimate of average tariffs than most of the other measures.
- e. is the best way to underestimate the degree of protection.

169. *One of the effects of an export subsidy on prices is that*

- a. the price in the exporting country falls.
- b. the price in the importing country rises.
- c. the price increase is more than the subsidy.
- d. in the exporting country, consumers are hurt.**
- e. in the exporting country, consumers gain.

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170. *One of the effects of an export subsidy on prices is that*
- the price in the exporting country falls.
  - the price in the importing country rises.
  - the price increase is more than the subsidy.
  - in the exporting country, consumers gain.
  - in the exporting country, producers gain.**
171. *In contrast to a tariff, the export subsidy*
- improves the terms of trade because the price of the export in the foreign market rises.
  - worsens the terms of trade because it lowers the price of the export in the foreign market.**
  - improves the terms of trade because it lowers the price of the export in the foreign market.
  - unambiguously leads to benefits that exceed its costs.
  - ambiguously leads to costs that exceed its benefits.
172. *When the government offers an export subsidy,*
- the effects of an export subsidy on prices are the same of those of a tariff.
  - the price in the exporting country falls.
  - in the exporting country, consumers are hurt, producers gain.**
  - in the exporting country, consumers gain, producers are hurt.
  - the government gains.
173. *An import quota*
- is a direct restriction on the value of some good that may be imported.
  - limit imports without raising domestic prices.
  - always raises the domestic price of the imported good.**
  - will lower domestic prices.
  - is usually enforced by levying tariffs.
174. *With an import quota,*
- the government receives no revenue.**
  - the holders of import licenses receive no revenue.
  - the government revenue is collected by the holders of import licenses.
  - the transfer of quota rents abroad is not possible.
  - rents generated by the quota accrue to the government.
175. *A voluntary export restraint is*
- a tariff on trade imposed from the exporting country's side instead of the importer's.
  - a quota on trade imposed from the importer's side instead of the exporting country's.
  - exactly like a tariff where the licenses are assigned to foreign governments.
  - different from an import quota because the licenses are assigned to foreign governments.
  - a quota on trade imposed from the exporting country's side instead of the importer's.**

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176. *Voluntary export restraints are*
- generally imposed at the request of the exporting country.
  - much more costly than tariffs.**
  - different from an import quota because the licenses are assigned to foreign governments.
  - tariffs on trade imposed from the exporting country's side instead of the importer's.
  - always cheaper to the importing country than a tariff that limits imports by the same amount.
177. *A local content requirement*
- produces quota rents but not government revenue.
  - produces both government revenue and quota rents.
  - produces government revenue but not quota rents.
  - does not produce either government revenue or quota rents.**
  - produces quota rents.
178. *A local content requirement*
- does not allow the firms that must buy locally to import more.
  - protects the domestic producers of parts in the same way an import quota does.**
  - produces both government revenue and quota rents.
  - produces government revenue.
  - produces quota rents.
179. *In the automobile industry, the cost of imported parts is \$6,000. Suppose that purchasing the same parts domestically would cost \$10,000 but that assembly firms are required to use 50 percent domestic parts. Then the average cost of parts, which will be reflected in the final price of the car, will be*
- \$10,000.
  - \$6,000.
  - \$4,000.
  - \$5,000.
  - \$8,000.**
180. *A regulation that requires some specified fraction of a final good to be produced domestically is an example of*
- import quota.
  - tariff quota.
  - national procurement.
  - local content requirement.**
  - export credit subsidy.
181. *The French decree in 1982 that all Japanese videocassette recorders had to pass through the tiny customs house at Poitiers is an example of*
- import quota.
  - red-tape barriers.**
  - local content requirement.
  - national procurement.
  - tariff quota.

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182. *One of the following statements is false:*
- a. Tariffs and import quotas are potentially beneficial only for large countries.
  - b. Import quotas differ from tariffs in that the government gets no revenue.
  - c. With an export subsidy, consumer surplus falls.
  - d. With an import quota, the overall national welfare increases for a small country.**
  - e. An export subsidy causes efficiency losses similar to those of a tariff.
183. *One of the following statements is false:*
- a. Voluntary export restraints differ from tariffs in that the government gets no revenue.
  - b. With an import quota, the overall national welfare increases for a small country.**
  - c. With an export subsidy, producer surplus increases.
  - d. Tariffs and import quotas are potentially beneficial only for large countries.
  - e. An export subsidy causes efficiency losses similar to those of a tariff.
184. *An import substitution strategy is mostly linked to the following objective of trade policy:*
- a. to improve the commodity structure of a country's exports**
  - b. to redefine the geographical orientation of trade
  - c. to ensure the equilibrium of a country's trade balance
  - d. to expose the economy to foreign competition
  - e. to maximize the terms of trade
185. *Among the objectives of trade policy, we do not find:*
- a. to improve a country's budget deficit**
  - b. to improve the commodity structure of a country's exports
  - c. to expose the economy to foreign competition
  - d. to redefine the geographical orientation of trade
  - e. to maximize the terms of trade
186. *An export promotion strategy is mostly linked to the following objective of trade policy:*
- a. to expose the economy to foreign competition**
  - b. to redefine the geographical orientation of trade
  - c. to ensure the equilibrium of a country's trade balance
  - d. to improve the commodity structure of a country's exports
  - e. to maximize the terms of trade
187. *By purpose of taxation, a customs duty is*
- a. predominantly fiscal**
  - b. an import tax
  - c. ad-valorem
  - d. autonomous
  - e. conventional

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188. *By subject of taxation, a customs duty is*

- a. **a transit tax**
- b. specific
- c. mixed
- d. conventional
- e. retaliation

189. *Among financial-banking incentives, we find*

- a. **credit lines**
- b. direct export subsidies
- c. indirect export subsidies
- d. currency depreciation
- e. tax incentives

190. *By mode of establishment, a customs duty is*

- a. **retaliatory**
- b. specific
- c. mixed
- d. protectionist
- e. ad-valorem

191. *A specific customs duty is*

- a. **a fixed amount charged on each imported product unit**
- b. an ad-valorem duty
- c. a fixed percentage of the value of the imported product
- d. is imposed on the value of the imported product
- e. is not a protectionist measure

192. *Specific tariffs are*

- a. **import taxes calculated as a fixed charge for each unit of imported goods.**
- b. import taxes stated in specific legal statutes.
- c. import taxes calculated as a fraction of the value of the imported goods.
- d. the same as import quotas.
- e. not a protectionist measure.

193. *Ad valorem tariffs are*

- a. **import taxes calculated as a fraction of the value of the imported goods.**
- b. import taxes stated in ads in industry publications.
- c. import taxes calculated as a fixed charge for each unit of imported goods.
- d. not a protectionist measure.
- e. the same as import quotas.

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194. Which of the following is a fixed percentage of the value of an imported product?

- a. **Ad valorem tariff**
- b. Specific tariff
- c. Nominal tariff
- d. Effective protection tariff
- e. Quota

195. A tax of 20 cents per unit of imported garlic is an example of a(n)

- a. **specific tariff.**
- b. ad valorem tariff.
- c. effective protection tariff.
- d. quota.
- e. tariff quota.

196. A tax of 20 percent of the value of imported garlic is an example of a(n)

- a. **ad valorem tariff.**
- b. specific tariff.
- c. effective protection tariff.
- d. quota.
- e. non-tariff barrier.

197. A preferential tariff customs policy would not

- a. **be the result of the will of the importers.**
- b. be a deliberate act of a state towards another state.
- c. imply reductions of customs duties.
- d. imply elimination of customs duties.
- e. create facilities for economic operators.

198. The non-tariff instruments

- a. **have a non-transparent character.**
- b. are defined by a narrow typology.
- c. imply a known level of protection.
- d. imply a small range of applicability.
- e. would not imply border measures.

199. Among the most widespread non-tariff barriers, we find

- a. **government procurement**
- b. voluntary export restrictions
- c. tariffs
- d. effective protection rates
- e. retaliatory measures

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200. Among the most widespread non-tariff barriers, we find

- a. **technical barriers**
- b. effective protection rates
- c. voluntary export restrictions
- d. tariff quotas
- e. variable import levy

201. Among non-tariff barriers, which directly limit the quantity of imports, we find

- a. **voluntary export restrictions**
- b. retaliatory measures
- c. foreign currency deposits
- d. subsidies
- e. rules on packaging and labelling

202. Among non-tariff barriers, which indirectly limit the quantity of imports, we find

- a. **variable import levy**
- b. rules on packaging and labelling
- c. voluntary export restrictions
- d. effective protection rates
- e. subsidies

203. The countervailing measures counteract

- a. **subsidies**
- b. dumping
- c. voluntary export restrictions
- d. tariff quotas
- e. occult taxes

204. "Supplier credit" is an example of

- a. **export incentive measures**
- b. subsidy
- c. variable import levy
- d. technical barrier
- e. state trade

205. "Supplier credit" is an example of

- a. **financial-banking incentive**
- b. tax incentive
- c. foreign exchange incentive
- d. subsidy
- e. incentive of a budgetary nature



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206. *“Buyer credit” is an example of*

- a. **financial-banking incentive**
- b. tax incentive
- c. foreign exchange incentive
- d. subsidy
- e. incentive of a budgetary nature

207. *“Indirect export subsidies” is an example of*

- a. **incentive of a budgetary nature**
- b. tax incentive
- c. foreign exchange incentive
- d. buyer credit
- e. financial-banking incentive

208. *Among the arguments supporting protectionist measures, we do not find*

- a. **sub-optimal allocation of resources**
- b. infant industry
- c. maintaining jobs
- d. strategic trade policy
- e. public choice theory

209. *Among the arguments supporting protectionist measures, we find*

- a. **strategic trade policy**
- b. sub-optimal allocation of resources
- c. decreased economic growth
- d. increased domestic prices
- e. decreased efficiency

210. *Among the microeconomic arguments supporting protectionist measures, we find*

- a. **infant industry**
- b. development
- c. public choice analysis
- d. industrial policy
- e. misallocation of resources

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211. Among the macroeconomic arguments supporting protectionist measures, we find

- a. **industrial policy**
- b. infant industry
- c. strategic trade policy
- d. misallocation of resources
- e. maintaining jobs

212. A “trade agreement” is an example of

- a. **promotional measure**
- b. two-tier diplomacy
- c. WTO rule
- d. WTO principle
- e. competitive policy

213. Support for company participation in international exhibitions is an example of

- a. **promotional measure**
- b. technical barrier
- c. state trade
- d. government procurement
- e. customs formalities

