

Problem 1.3

$Y^g = 2070$
GDP

$F_{Ai} - F_{IA} = 120 - 130 = -10$
GM = $2070 - 10 = 2060$

a)

bill

Balance of Payment (in €) = flow
2020

Credit		Debit	
Export of goods	640	Import of goods	540
Export of services	100	Import of services	140
Export of factors	120	Import of factors	130
Incoming transfers	20	Outgoing transfers	50
Capital imports (securities and loans)	210	Capital exports (securities and loans)	250
Residual items	20	FX reserves	?

+100
-40
CA - 10
+20 - 30
FA +40
NX (+)

? → 0

C, IIP = stock ⇒ +40 NX

decrease
FX
IIP

■ Problem 1.4

DE → Pakistan

a) FDI \Rightarrow KX financial acc.

b) greenfield inv., as high returns to
↓ capital

