

# International Economics

## Non-graded Problem Set - Part 3

Spring 2024

Part of the following exercises on balance of payments will be covered in class.

### Record of transactions in the Balance of Payments. Exercise 1

Make the accounting entries in the Balance of Payments of Spain for the following operations. All values are expressed in millions of Euros. All payments, except where specified, are in cash.

1. Export of oranges for €36. Total payment received in cash
2. Export of oranges for €36. Half of the payment received in cash, half of the payment through 5-year credit.
3. Import of oil for €80, of which €8 correspond to insurance and freight costs. Payment is made through 2-year credit.
4. Reception of tourists on a cruise who spend €2. On the cruise there are Spanish residents who spent €1 on the Italian coast. All expenses were made in cash.
5. Residents in Spain spent €5 on Spotify subscriptions. Payments made by credit card. They exported computer services to the Rest of the World for €32. They received payment in equivalent deposits in US dollars.
6. Venezuelan immigrants residing in Spain were paid €8 in cash for their work in Spanish territory for Spanish companies, and €4 for their work in Spanish territory for US companies. They sent half of their income to help their families in Venezuela.
7. Spanish residents earned €2 as employees in the ski resorts of Andorra. Argentine residents charged €1 for the same concept.

## **Record of transactions in the Balance of Payments. Exercise 2**

Make the accounting entries in the Balance of Payments of Spain for the following operations. All values are expressed in millions of Euros. All payments, except where specified, are in cash.

1. Export of clothing for €24. Payment of €20 received in cash, remaining payment through 2-year credit.
2. Import of computers for €100, of which €10 correspond to insurance and freight costs. Payment is made through 3-year credit.
3. Reception of tourists who spend €20. All expenses were made in cash.
4. Spanish consultant exported services for €32. She received half of the payment in trade credits, and the other half in financial instruments.
5. Portuguese residents were paid €5 for their work for Spanish companies. Spanish residents earned €2 as employees in Portuguese companies.
6. Glovo, a company resident in Spain, receives income from its foreign subsidiaries of €75.
7. A German company acquires a Spanish start-up for €16.
8. The Spanish government donates materials to the Philippines worth €1.
9. The Spanish government receives €20 in regional development funds from the European Union.
10. British residents buy land in Alicante worth €3.
11. Determine the balances of the Balance of Payments of Spain, and interpret.

### **Record of transactions in the Balance of Payments. Exercise 3**

Make the accounting entries in the Balance of Payments of Spain for the following operations. All values are expressed in millions of Euros. All payments, except where specified, are in cash.

1. German residents buy land on the outskirts of Paris for €8.
2. Spanish company acquires the right to use the 'Pepsi' brand from the American company 'PepsiCo' for a value of €120.
3. Spanish residents obtain profits worth €4 for their participation in the capital of the Italian company 'Bialetti'.
4. Japanese residents buy Spanish State bonds worth €46.
5. Spanish residents buy US government bonds worth €72.
6. The Spanish company 'Glovo' acquires 20% of the share of the Canadian company 'SkipTheDishes' for a value of €150.
7. Dutch residents buy 3% of the shares of the Spanish company 'Idealista' for €86.
8. Argentine residents make deposits in Spanish banks for a value of €58. Venezuelan residents make deposits in Spanish banks for a value of €79.
9. Olive oil exports to China worth €20.
10. Import of apples for €7, of which €1 correspond to insurance and freight costs.
11. Determine the balances of the Balance of Payments of Spain, and interpret.