

5 Australia has a number of firms that operate in other countries. These multinational companies (MNCs) provide several benefits for their home country of Australia. The Australian Government imposes relatively low import tariffs and the country has a floating exchange rate. In recent years, Australia has experienced an increase in investment and a higher Human Development Index (HDI) value.

- (a)** Identify **two** benefits an MNC may provide for its home country. [2]
- (b)** Explain **two** disadvantages of import tariffs. [4]
- (c)** Analyse how an increase in investment can result in a rise in a country's HDI value. [6]
- (d)** Discuss whether or not having a floating exchange rate benefits an economy. [8]