JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES

UNIVERSITY EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE AGRIBUSINESS MANAGEMENT,

FOURTH YEAR SECOND SEMESTER

2017/2018 ACADEMIC YEAR

REGULAR

COURSE CODE: AAE 3423

COURSE TITLE: INTERNATIONAL AGRICULTURAL TRADE

EXAM VENUE: **STREAM: BSc (Agribusiness Management)**

DATE: **EXAM SESSION:**

TIME: 2.00 HOURS

Instructions:
1. **Answer ALL question in Section A (compulsory) and ANY other TWO questions in Section B.**
2. **Candidates are advised not to write on the question paper.**
3. **Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Answer ALL questions in this Section

1. Explain the following terms
   a. Externalities [1 Mark]
   b. A natural monopoly [1 Mark]
   c. Game theory [1 Mark]
   d. Nash equilibrium [1 Mark]
   e. Comparative advantage [1 mark]
   f. Factor price equalization theory [1 Mark]
2. Can there be a market price without trade? Explain your answer. [2 Marks]
3. Describe the principal factor that determines the "price "of exchange? [2 Markets]
4. Illustrate the state in which firms stop entering a perfectly competitive market? [1 Mark]
5. Analyze the impact of an import duty of a crop that the country consumes more than it produces? [6 Marks]
6. List three dimensions for defining an industry structure? [3 Marks]
7. Discuss what happens to firms in a competitive market in the:
   a. Short run [5 Marks]
   b. Long run [5 Marks]

SECTION B   [40 MARKS]

Answer ANY TWO questions in this Section.

8.
   a. Contrast Ricardian theory and Hecksher-Ohlin theory of trade [10 Marks]
   b. Discuss five reasons why a monopoly may arise? [10 Marks]
9.
   a. Describe three types of price discrimination used by monopolists? [10 Marks]
   b. Draw a distinction between old/neoclassical trade theories and new trade theories [10 Marks]
10.
   a. Differentiate monopolistic competition from perfect compaction [10 Marks]
   b. Explain five elements on a game in the game theory? [10 Marks]