



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

**UNIVERSITY EXAMINATIONS FOR BACHELOR DEGREE IN
BUSINESS ADMINISTRATION**

END OF SEMESTER EXAMINATION FOR 2016 ACADEMIC YEAR

4TH YEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR

KENDU BAY LEARNING CENTRE

COURSE CODE: ABA 422

COURSE TITLE: INTERNATIONAL TRADE

INSTRUCTIONS:

- 1. Answer question ONE and any other two**
- 2. Candidate are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklet to the invigilator before leaving the exam room**

QUESTION ONE

- i. Explain what economy is? (2 Marks)
- ii. What do you mean by international trade? (2 Marks)
- iii. What is a transaction (2 Marks)
- iv. Explain comparative factor advantage (3 Marks)
- v. Differentiate between the following:-
 - a) Visible and invisible trade (2 Marks)
 - b) Balance of trade and balance of payments (2 Marks)
- vi. What is a customs union? (2 Marks)
- vii. What do you understand by the term protectionism? (2 Marks)
- viii. Why do nations trade (6 Marks)
- ix. Mention the limitations of the theory of comparative advantage (7 Marks)

QUESTION TWO

- i. Describe the differences between internal trade and international trade (10 Marks)
- ii. Discuss the strengths and weaknesses associated with international trade (10 Marks)

QUESTION THREE

- i. What are the main forms of restriction on international trade? (6 Marks)
- ii. Describe the arguments for protectionism (6 Marks)
- iii. Explain the effects to trade restrictions (8 Marks)

QUESTION FOUR

- i. What characteristics of product do importers expect from a new supplier? (6 Marks)
- ii. Mention and describe causes of balance of payments deficit (6 Marks)
- iii. Give a detailed view of the policy measures for dealing with balance of payments deficit. (8 Marks)

QUESTION FIVE

- i. What is the main purpose of international trade agreements? Give the objectives of WTO (4 Marks)
- ii. What are the means or factors that cause expansion of markets (6 Marks)

MNCs have contributed significantly to the development of world economy at large. They have also served as an engine of growth in many African countries. Discuss Their importance giving appropriate examples (10 Marks)