



**JARAMOGI OGINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS AND ECONOMICS**

**UNIVERSITY EXAMINATION FOR DEGREE OF BACHELOR OF  
BUSINESS**

**ADMINISTRATION WITH IT**

**4<sup>TH</sup> YEAR 2<sup>ND</sup> SEMESTER 2016/2017 ACADEMIC YEAR**

**NAMBALE LEARNING CENTRE**

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**COURSE CODE: ABA 422**

**COURSE TITLE: INTERNATIONAL TRADE**

**EXAM VENUE: NAMBALE**

**STREAM**

**DATE:**

**EXAM SESSION:**

**TIME: 2.00 HOURS**

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**Instructions:**

- 1. Answer question 1 (compulsory) and ANY other 2 questions.**
- 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.**

### **QUESTION ONE**

- (a) Define international trade. (2 Marks)
- (b) Differentiate between balance of trade and balance of payment. (4 Marks)
- (c) Briefly explain the benefits of internal trade. (8 Marks)
- (d) Differentiate between surplus and deficit balance of payment. (6 Marks)
- (e) Explain the methods used to correct unfavorable balance of payment. (10 Marks)

### **QUESTION TWO**

- (a) Define foreign exchange rates. (2 Marks)
- (b) Mention the determinants of interest rate. (8 Marks)
- (c) Using an example, explain the principle of comparative advantage in international trade. (10 Marks)

### **QUESTION THREE**

- (a) Explain the difference between a tariff and a quota. (4 Marks)
- (b) What are the main motives behind dumping? (6 Marks)
- (c) Briefly explain the different types of non tariff measures. (10 Marks)

### **QUESTION FOUR**

- (a) Discuss argument in favour of protection in international trade. (10 Marks)
- (b) Define economic integration. (2 Marks)
- (c) Mention advantages of economic integration. (8 Marks)

### **QUESTION FIVE**

Draw a supply and demand curves for a particular product to determine if a tariff should be part of the trade policy. When trade is allowed the price of the product falls. In your diagram, show the change in consumer surplus, the change in producer and in total surplus. How would a tariff on the product imports alter these effects? (20 Marks)