



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES
SECOND SEMESTER FOURTH YEAR EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT 2021/2022
ACADEMIC YEAR

COURSE CODE: AEB 1406

COURSE TITLE: INTERNATIONAL AGRICULTURAL TRADE

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

DATE: **EXAM SESSION:**

TIME: 2HOURS

Instructions:

- 1. Answer ALL questions in Section A (compulsory) and ANY 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**

SECTION A [30 MARKS]

Answer ALL questions from this section

1. International trade is the exchange of goods and services across a country's border or across international boundaries.
 - a) Outline any four conditions that may cause trade to arise between countries. **[4marks]**
 - b) Explain the following terms as used in international trade:
 - i. Imports and Exports. **[2marks]**
 - ii. Bilateral and multilateral trade **[2marks]**
 - iii. Visible and invisible trade **[2marks]**
2. Comparative advantage is a dynamic concept and explains why a country might produce and export commodities its citizens do not seem very skilled at producing when compared directly to the citizens of another country.
 - a) What are the underlying assumptions of this concept? **[4marks]**
 - b) Outline the limitations of comparative advantage. **[6marks]**
3. Terms of trade is the measure of a country's ability to exchange its own products for those of other countries.
 - a) Briefly explain the concept of commodity/net barter terms of trade. **[3marks]**
 - b) Would a country be better off if its export price index is greater than the import price index? Explain **[4marks]**
 - c) What is the concept of absolute advantage in trade? **[3marks]**

SECTION B [40 MARKS]

Answer any TWO QUESTIONS in this Section.

4. Protectionism is the implementation of policies that restrict the free flow of goods and services internationally.
 - a) Why is this advantageous to a developing economy? **[14marks]**
 - b) Differentiate between:
 - i. Specific and Commodity tariff. **[2marks]**
 - ii. Import substitution and Export promotion. **[2marks]**
 - iii. Economic sanctions and economic integration. **[2marks]**
5. a) Explain the challenges of economic integration in developing countries. **[16marks]**

b) Outline any four levels of economic integration. **[4marks]**
6. Economic integration refers to the action of a group of nations towards free trade.
 - a) How does it facilitate international trade? **[14marks]**
 - b) Outline four principles governing General Agreement on Tariff and Trade (GATT). **[4marks]**
 - c) What do you understand by the term dumping in international trade? **[2marks]**