



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURE AND FOOD SCIENCES
SECOND SEMESTER FOURTH YEAR SPECIAL EXAMINATION FOR THE
DEGREE OF BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT
2019/2020 ACADEMIC YEAR

COURSE CODE: AAE 3423

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 the 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 don't 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 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 which 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 to 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]**