



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURE AND FOOD SCIENCES
UNIVERSITY EXAMINATION FOR THE BACHELOR OF BSc. AGRIBUSINESS
MANAGEMENT
4TH YEAR 2ND SEMESTER 2023/2024 ACADEMIC YEAR
SIAYA CAMPUS

COURSE CODE: AEB 1406

COURSE TITLE: INTERNATIONAL AGRICULTURAL TRADE

VENUE: LAB 3

STREAM: (BSc AGED)

DATE: 23/04/2024

EXAM SESSION: 14.00 – 16.00 PM

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (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 (30marks)

- a) State any FIVE causes of changes in agricultural prices. (5 marks)
- b) State FIVE reasons why politicians love protectionists policies despite overwhelming evidence that trade promotes growth for all countries. (5 marks)
- c) Highlight any FIVE ways in which the operations of international cartel restrict trade (5marks)
- d) State any FIVE main functions of GATT. (5 marks)
- e) Highlight any FIVE primary purposes of import and export tariffs. (5 marks)
- f) Briefly highlight FIVE ways in which trade liberalization can improve the environment. (5 marks)

QUESTION TWO: (20 Marks)

- a) Explain any FIVE major goals of the World Trade Organization. (10 marks)
- b) Explain the principle of comparative advantage and differences between it and the principle of absolute advantage. (10 marks)

QUESTION THREE (20 marks)

- a) Explain FIVE limitations of trade barriers. (10 marks)
- b) Assume you are a wheat farmer who plans to harvest and sell in July 2022. You decide to hedge all your wheat by selling wheat futures contracts on January 10, 2022. You expect the basis in July to be £ 0.10. What is your expected hedge price on January 10? Show your workings. (10 marks)

QUESTION FOUR (20marks)

- a) Explain how the international equilibrium can be obtained. (10 marks)
- b) When a production possibility frontier is concave to the origin why do opportunity cost of a commodity increase as more of the commodity is produced. (10 marks)

QUESTION FIVE (20marks)

- a) Explain any FIVE assumptions of Heckscher- Ohlin Theorem. (10 marks)
- b) What is an import quota?. Explain any four types of quotas which have been used by Kenyan government when importing agricultural inputs. (10 marks)