



Second SEM 2017/2018

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: BSc IN AGRICULTURAL ECONOMICS AND MANAGEMENT

: BSc IN TEXTILE , APPAREL DESIGN AND MANAGEMENT

COURSE CODE: AEM 406

TITLE OF PAPER: INTERNATIONAL TRADE AND POLICY

TIME ALLOWED: TWO

INSTRUCTION

1. ANSWER ALL QUESTIONS
2. EACH QUESTION CARRIES TWENTY FIVE (25) POINTS

DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY THE
CHIEF INVIGILATOR

QUESTION 1

- a) In the Heckscher – Ohlin model, international trade is based mostly on difference in technology (True / False ? Explain [5 points]
- b) Economies of scale are more likely to occur in a small –scale textile industry. True / False)? Explain. [5 points]
- c) The organization responsible for mediating trade disputes is the world bank . True / false? explain. [5 points]
- d) International Trade forces domestic firms to competitive in terms of product price only. True/ false? explain [5 points]
- e) Governments generally prefer to impose tariffs over quotas? True/ False?. Explain [5 points]

QUESTION 2

Economists use the comparative advantage to justify the free trade.

- a. Explain the comparative advantage theory. [8 Marks]
- b. List and discuss the disadvantages of Free Trade [12 points]
- c. How do environment standards distort the flow of trade? [5 points]

QUESTION 3

The principle of trade is that trade can make everyone better off.” However, there is strong opposition to trade.

- a. List and discuss three arguments advanced by governments to restrict trade. [15 points]
- b. Suppose you are a trade Economic Advisor to the Minister of Commerce, how would advise the Minister on these arguments [10 points]

QUESTION 4

- a. What are the main reasons for inclusion of agriculture within the GATT framework? [**9 points**]

- b. Suppose you are a trade economist based in the Ministry of Agriculture. The Principal Secretary requests you to prepare briefing notes (note more than one page) for a newly appointed Minister of agriculture on the types of trade arrangement that Swaziland is currently participating. [**16 points**]