UNIVERSITY OF ESWATINI

RE-SIT EXAMINATION PAPER, AUGUST 2021

FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

COURSE CODE: ECO403

INTERNATIONAL TRADE I

TIME ALLOWED: 2 HOURS

Instructions
1. This paper consists of Section (A) and (B);
2. Section A is compulsory;
3. Answer any two (2) questions from Section B.
4. All questions in Section B carry equal marks of 30 each

Special Requirements
1. None

Additional Material (s)
None

Candidates may complete the front cover of their answer book when instructed by the Chief Invigilator and sign their examination attendance cards but must NOT write anything else until the start of the examination period is announced.

No electronic devices capable of storing and retrieving text, including electronic dictionaries and any form of foreign material may be used while in the examination room.
DO NOT turn examination paper over until instructed to do so

SECTION A

QUESTION 1 (COMPULSORY)

a) **Write short notes on the following terms as used in international trade.**

    i.   Terms of Trade   **[5]**

    ii.   Static and Dynamic effects of economic integration   **[5]**

    iii.   Role of World Trade Organisation   **[5]**

    iv.   Leontief Paradox   **[5]**

b) What are Rules of Origin and why are they important in trade theory? **[10]**

c) Differentiate between Devaluation and Revaluation   **[10]**

SECTION B: ANSWER ANY TWO QUESTIONS FROM THE FOLLOWING

QUESTION 2

a) Examine the contributions of Adam Smith's absolute advantage and David Ricardo's comparative advantage to the theory of international trade.   **[20]**

b) Discuss any five (5) benefits of international trade.   **[10]**

QUESTION 3

An increase in welfare has been recognized as the main objective of economic integration.

a) Discuss the stages of economic integration   **[20]**

b) Elaborate on the effects of a tariff.   **[10]**

QUESTION 4

For trade to be carried out efficiently, trade policies must be put in place.

a) Write short notes on trade policy.   **[5]**

b) Discuss any five instruments of trade policy.   **[25]**