



2nd SEM. 2012/2013

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**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

PROGRAMME: B.Sc. Agric. Econs. & Agribusiness Management Year IV
B.Sc. Textiles, Applied Design & Management Year IV

COURSE CODE: AEM 406

TITLE OF PAPER: INTERNATIONAL AGRICULTURAL TRADE

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS: 1. ANSWER ANY FOUR QUESTIONS
2. EACH QUESTION CARRIES TWENTY (25) MARKS

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THE CHIEF INVIGILATOR**

Question One

- (a) Is trade really important among developed and developing countries? Give four reasons in support of your position. **(20 Marks)**
- (b) What conditions must exist or prevail for trade to benefit the people and trading countries? **(5 Marks)**

Question Two

What can be ascribed for the success of the East Asian countries? Discuss any three of several opposing views embraced or championed by proponents and analysts.

(25 Marks)

Question Three

- (a) What are the key factors responsible for the growth in world trade or value of global exports? Mention any four. **(10 Marks)**
- (b) What are the reasons for the decline in global trade in food and primary commodities? **(5 Marks)**
- (c) What are the major factors threatening expansion in world trade? **(10 Marks)**

Question Four

- (a) Explain Adam Smith's theory of Absolute Advantage in relation to the international trade in primary produce and manufactured goods between two countries. **(10 Marks)**
- (b) Given the following information about the output from two trading countries:

Output

Commodity	United States	United Kingdom	Total
Wheat (bushels)	6	1	7
Cloth (yards)	1	3	4

Assuming two production units are available for each country, and that two products (wheat and cloth) are produced by each country which could be traded globally. If there is specialization in production, present a new production matrix for the two countries using the two production units available in each country. **(5 Marks)**

- (c) Compare your result from trade specialization with the no-trade (or autarky) scenario. Are there any gains from specialization and trade in the two commodities? **(10 Marks)**

Question Five

List five common arguments for restricting trade among countries. Provide informed responses to the arguments. **(25 Marks)**

Question Six

- (a) Explain the International Product Life Cycle theory of trade. **(15 Marks)**
- (b) What are the strength(s) and shortcoming(s) of the International Product Life Cycle model of trade in manufactured products? **(10 Marks)**