



2nd SEM. 2016/2017

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: B.Sc. in Agricultural Economics and Agribusiness Management

B.Sc. in Textiles, Apparel Design and Management

COURSE CODE: AEM 406

TITLE OF PAPER: INTERNATIONAL AGRICULTURAL TRADE

TIME ALLOWED: TWO (2) HOURS

**INSTRUCTION: 1.
2.**

**ANSWER ALL QUESTIONS
EACH QUESTION CARRIES TWENTY FIVE (25)
MARKS**

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THE CHIEF INVIGILATOR**

QUESTION 1

- a) Why do some developing countries impose export taxes on agricultural commodities, and what are the effects of the taxes on production, consumption, and prices of the commodities (in the countries that impose the taxes)? **[10 MARKS]**
- b) Suppose a country that is a very small importer of maize wants to protect its maize producers by imposing an import tariff. Illustrate with a graph how this policy would work. Indicate the effect on the maize price for producers and consumers in the country, on tariff revenue, and on the quantities of rice produced, consumed, and imported in the country. **[15 MARKS]**

QUESTION 2

Write short notes on:

- i. Production Possibility Frontier **[8 MARKS]**
- ii. Factor Price Equalization Theorem **[9 MARKS]**
- iii. Sanitary and Phytosanitary restriction **[8 MARKS]**

QUESTION 3

Why do countries gain from trade? If they gain, why is there opposition to removing barriers to freer trade? **[25 MARKS]**

QUESTION 4

Discuss the four basic principles of the General Agreement on Tariffs and Trade (GATT).

[25 MARKS]