



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY
EXAMINATIONS
2018/2019 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND
ECONOMICS
BACHELOR OF SCIENCE IN
AGRICULTURAL ECONOMICS AND
RESOURCE MANAGEMENT**

COURSE CODE: ARE 443

**COURSE TITLE: AGRICULTURAL
TRADE AND**

ECONOMICS

INTERNATIONAL

DATE: 18TH APRIL, 2019
1300HRS

TIME: 1100 -

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

This paper consists of 2 printed pages. Please turn over.

QUESTION ONE

(a) Discuss policy factors shaping international trade patterns of fruits and vegetables.

(12 Marks)

(b) Compare and contrast a customs union and economic union in the context of international trade.

(8 Marks)

(d) Explain the concept of Leontief Paradox.

(5 Marks)

(5

QUESTION TWO

(a) Using suitable examples, explain why agriculture is a cause of contention in the international trade negotiations as well as Kenya's policy debate.

(10 Marks)

(c) Differentiate between international economics and international trade.

(5
Marks)

QUESTION THREE

(a) David Ricardo (1817) explained that comparative advantage arise from differences in labour productivity, but did not satisfactorily explain why labour productivity is different between countries. Discuss **(10 Marks)**

(b) Differentiate between Tariff and Non-Tariff Barriers
(5 Marks)

QUESTION FOUR

(a) Compare and contrast the role of fiscal and monetary policies in economic development of Kenya.

(10 Marks)

(b) Explain the Rybczynski theorem of international trade.

(5 Marks)

QUESTION FIVE

(a) Explain how the following trade policy instruments impact on trade of agricultural commodities.

i. Domestic Support **(3**

Marks)

ii. Market Access **(3**

Marks)

iii. Export Competition **(3**

Marks)

(b) Differentiate between import substitution and export promotion trade policies.

(6 Marks)

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