



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS**

**2017/2018 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS  
BACHELOR OF SCIENCE (AGRICULTURAL  
ECONOMICS AND RESOURCE  
MANAGEMENT)**

**COURSE CODE: ARE 443**

**COURSE TITLE: AGRICULTURAL TRADE AND  
INTERNATIONAL ECONOMICS**

**DATE: 16<sup>TH</sup> APRIL, 2018**

**TIME: 8.30AM-10.30AM**

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**INSTRUCTIONS TO CANDIDATES**

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

*This paper consists of 3 printed pages. Please turn over.*

### **QUESTION ONE**

- a) With reference to a commodity of your choice, discuss the impact of international trade policies on its development in Kenya. **(12 Marks)**
- b) The principle of comparative advantage is an incomplete model of international trade. Discuss. **(8 Marks)**
- c) Differentiate between tariff and non-tariff barriers. **(5 Marks)**

### **QUESTION TWO**

- (a) International trade policies in developing countries generally have weak incentives for agricultural producers. Discuss. **(10 Marks)**
- (c) Differentiate between international economics and international trade. **(5 Marks)**

### **QUESTION THREE**

- (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)**

### **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) Compare and contrast a customs union and economic union in the context of international trade. **(10 Marks)**
- (b) Explain why even though Heckscher-Ohlin model is referred to as the neoclassical theory of international trade, its empirical test produced paradoxical results. **(5 Marks)**

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