



UNIVERSITY OF EMBU

2016/2017 ACADEMIC YEAR

SECOND SEMESTER EXAMINATION

FOURTH YEAR EXAMINATION FOR BACHELOR OF SCIENCE IN AGRIBUSINESS
MANAGEMENT

AEB 406/AEC 412: INTERNATIONAL TRADE

DATE: APRIL 4, 2017

TIME: 2:00-4:00PM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE (30 MARKS)

- a) Explain the argument advanced in the Mercantalism theory of International Trade (5 marks)
- b) Describe how a business may use the trade theories to develop its business strategy (5 marks)
- c) Explain the features of perfect competition in trade (5 marks)
- d) Explain two forms of international trade restrictions (4 marks)
- e) Explain the focus of trade policy that countries adopt in regard to international trade (6 marks)
- f) Describe the term dumping as used in international trade (5 marks)

QUESTION TWO:

- a) The critical ways that firms can obtain a sustainable competitive advantage are called barriers to entry. Discuss the key barriers to entry used by firms (10 marks)
- b) Explain the features of modern or firm-based international trade theories (10 marks)

QUESTION THREE:

- a) Discuss five factors that lead to intra-industry trade (10 marks)
 - b) Engaging in International trade is a sophisticated activity. Discuss the challenges experienced in International Trade (10 marks)
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QUESTION FOUR:

- a) Explain the benefits that member countries get from World Trade Organisation (WTO) (10 marks)
- b) Discuss the reasons advanced by countries in imposing restrictions in International Trade (10 marks)

QUESTION FIVE:

- a) Discuss the characteristics of external economies of scale and how they relate to International Trade. (10 marks)
- b) With the use of relevant examples discuss five forms of imperfect competition (10 marks)

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