



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021 / 2022 ACADEMIC YEAR

FOURTH YEAR 2ND SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURE
ECONOMICS AND RESOURCE MANAGEMENT

COURSE CODE: AEC 427
COURSE TITLE: AGRICULTURAL TRADE AND
INTERNATIONAL ECONOMICS

DATE: 24TH NOVEMBER 2022

TIME: 8 – 10 AM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

- a. Define the following terms **(10 Marks)**
- (i) Agricultural Trade
 - (ii) Foreign uncontrollable elements
 - (iii) Common Market
 - (iv) Economic Nationalism
 - (v) Exchange rate
- b. Regional integration is a strategy that has been used to promote intra-African trade, Briefly discuss its benefits to developing countries like Kenya. **(10 marks)**
- c. Define the term foreign direct investment and Discuss reasons why firms may decide to invest overseas **(10 Marks)**

QUESTION TWO

- a. What is an Import Substitutions strategy? **(4 marks)**
- b. What are the advantages and disadvantages of Import Substitutions strategy **(16 Marks)**

QUESTION THREE

20 MARKS

Using the simplified model, explain the theory of Comparative advantage

QUESTION FOUR

- a. Describe the term Balance of Payment as used in international trade, outlining the causes of disequilibrium in the Balance of Payment **(10 Marks)**
- b. How are standards and regulations used to restrict free trade **(10 Marks)**

QUESTION FIVE

20 MARKS

Write short notes on the following

- (i) Regional Integration
- (ii) Export Promotion Strategy
- (iii) Import Quota
- (iv) Capital Mobility