



*(University of Choice)*

**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)**

**MAIN**

**UNIVERSITY EXAMINATIONS**

**2023/2024 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER EXAMINATIONS**

**FOR THE DEGREE**

**OF**

**BSc. AGRICULTURE ECONOMICS & RESOURCE  
MANAGEMENT AND BSc. AGRIBUSINESS MANAGEMENT**

**COURSE CODE: AEC411**

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

**ANALYSIS DATE: 14/12/2023**

**TIME: 3-5 PM**

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**INSTRUCTIONS TO CANDIDATES**

- Answer **ALL** questions in section A and any other **Two** questions in section B

**Time: 3 hours**

**SECTION A**

Q1 (a) What is international trade? (3 marks)

(b) Differentiate between goods and services? (3 marks)

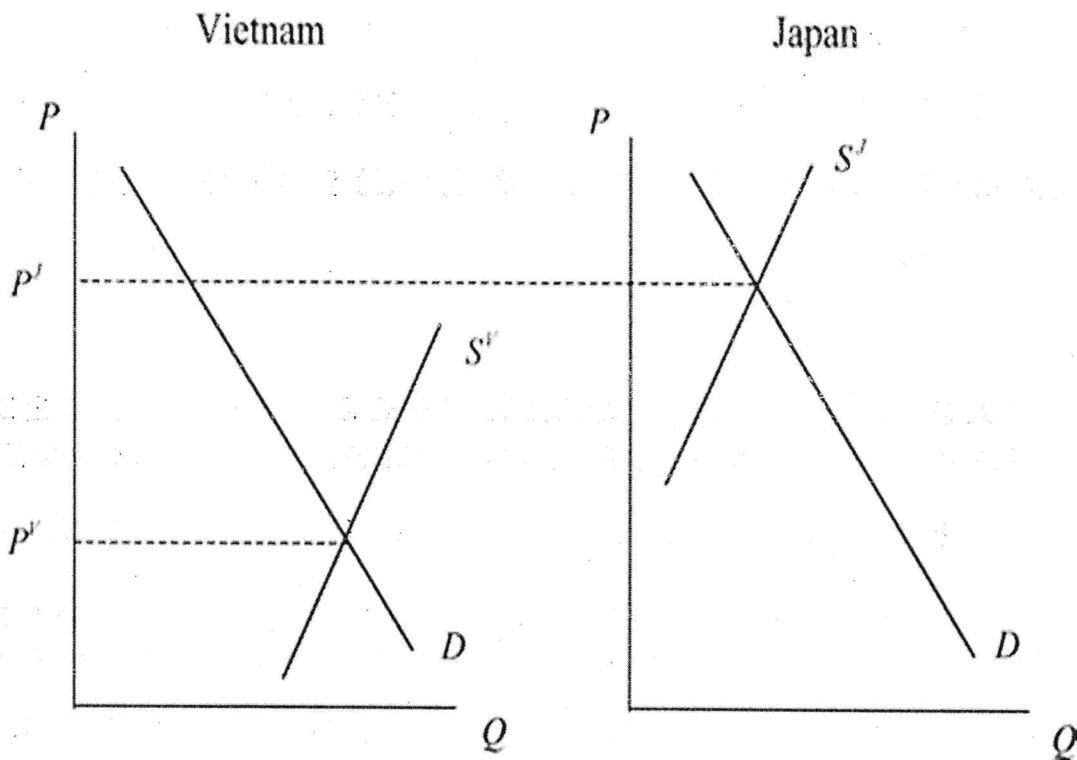
(c) What are trade barriers? (3 marks)

(d) What is the impact of trade barriers on consumer and producer surplus? (3 marks)

(e) What is the impact of agricultural exports on consumer and producer surplus? (3 marks)

Q2 (a) What is the relationship between international production, international trade and international development? (6 marks)

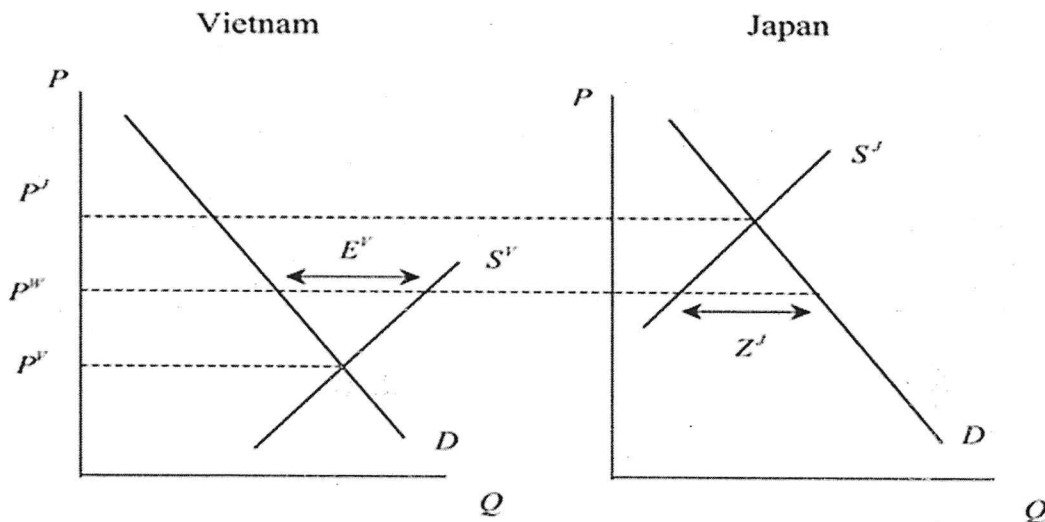
(b) Use the diagram below to explain the theory of comparative advantage in the production of rice in Vietnam and Japan? (6 marks)



(c) What will be the impact of trade in rice between Vietnam and Japan on consumer and producer surplus in the two countries? (4 mark)

## SECTION B

- Q 3 (a) What is Autarky? (2 marks)
- (b) What is Autarky equilibrium price? (3 marks)
- (c) Use the figure below to explain the relationship between equilibrium rice prices in Vietnam, Japan and the world? (7 marks)



- (d) What ensures that the amount of rice exported by Vietnam is the same as the amount of rice imported by Japan? (5 marks)
- (b) List and briefly explain any three benefits of international trade to a country? (3 marks)
- Q4 (a) Briefly explain international finance? (4marks)
- (b) Briefly explain the theory of comparative advantage? (4marks)
- (c) Briefly describe the Autarky and Comparative Advantage (4marks)
- (d) Briefly explain the risks associated with international capital transfer? (6 marks)
- (e) What are the characteristics of international financial markets (2 marks)
- Q5 (a) What is absolute advantage as applied in international trade? (2marks)
- (b) Distinguish between trade creation and trade diversion (4 marks)
- (c) Briefly describe the six categories of economic integration. (6marks)
- (d) Use the figure below to explain gains from trade between Japan and Vietnam? (8marks)

Vietnam

Japan

