

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE
Department of Agricultural Economics, Education and Extension

MSc FOOD SECURITY AND SUSTAINABLE AGRICULTURE
EXAMINATION

MFS 514 (B)

INTERNATIONAL TRADE

3 HOURS (100 Marks)

30 " 2002

June

INSTRUCTIONS

Answer any *FOUR* questions. Each question carries 25 marks.

1. Discuss the relevance of Classical and New Trade Theories in international agricultural commodity trade. **[25 marks]**
2. Describe administrative trade barriers that may be used by countries as a means of protectionism. **[25 marks]**
3. Using Zimbabwean examples, explain in detail how the following trade policy tools are used: **[25 marks]**
 - Import Tariffs
 - Voluntary Export Restraints (VERs)
 - Export Taxes
 - Voluntary Import Expansions (VIEs)
 - Health and Safety Standards
4. Industrialised countries dominate international trade in food, and they account for a greater percentage of exports than the theory of comparative advantage would predict. International agricultural trade thus does not work as the theory predicts it should. Explain the reasons for this phenomenon. **[25 marks]**
5. "International agricultural trade has yielded much less benefit than it has potential for. Each successive GATT or WTO round of talks has practically treated agriculture as an exception to GATT or WTO rules. The WTO Agreement on Agriculture concluded during the Uruguay Round was not ambitious enough and has failed in its goal of a fair and a market-oriented system."

Explain the major distortions in international trade of agricultural products that deny a level playing field to farmers from developing countries? **[25 marks]**
6. Giving reference to the determination of Aggregate Welfare Effects of a Free Trade Area, explain in detail the economic argument regarding Trade Diversion and Trade Creation. **[25 marks]**

End of Paper