

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE

AGM 416

Department of Agricultural Economics, Education and Extension
BSc Agricultural Economics and Management Part IV Examination
Agricultural Trade

3 HOURS (100 Marks)

INSTRUCTIONS

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

1. Discuss the current challenges facing international agricultural trade in Zimbabwe [25 marks]
2. Discuss the merits and demerits of Zimbabwe belonging to the SADC regional bloc [25 marks]
3. Discuss the welfare effects of imposing a Tariff. [25 marks]
4. Explain the circumstances that an economist will support the creation of a protected free trade area. [25 marks]
5. Based on the factor endowments theory, explain how the opportunity to trade will affect relative factor prices compared to a no-trade position. [25 marks]
6. Assume a classical world of two goods and two countries where labour is the only input. One day of labour will produce the following amounts of output in each country:

	ZIMBABWE	SOUTH AFRICA
Days of labour required		
Cloth	3	2
Wheat	10	4

- a) Explain the pattern of comparative advantage that exists [15 marks]
- b) Describe the assumptions underlying the theory of comparative advantage [10 marks]

End of Paper