



**AFRICA  
UNIVERSITY**  
*A United Methodist-Related Institution*

***"Investing in Africa's Future"***

**COLLEGE OF HEALTH, AGRICULTURE & NATURAL SCIENCES**

**NMEC 504 INTERNATIONAL TRADE AND FINANCE**

**END OF FIRST SEMESTER FINAL EXAMINATIONS**

**NOVEMBER/DECEMBER 2022**

**LECTURER: PROF L. DUBE**

**DURATION: 3 HOURS**

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***INSTRUCTIONS***

1. Do not write your name on the answer sheet

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2. Use Answer Sheets Provided

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3. Begin your answer for Each Question on a New Page

4. Credit is Given for Neat Presentation

## **INSTRUCTIONS TO CANDIDATES**

Answer any 4 questions. All questions carry equal marks.

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### **Question 1**

- a) Analyze the contribution of agricultural trade to the economic development of Zimbabwe. (15%)
- b) Critically examine the comparative advantage theory of trade. What are the implications of this theory to agricultural trade in Zimbabwe? (10)

### **Question 2**

Despite the benefits of trade, countries continue to impose restrictions on trade.

- a) Critically evaluate the main motivations for regulating the trade in agribusiness products in Zimbabwe. Use examples in your discussion. (15%)
- b) Illustrate how Zimbabwe can use the exchange rate to manage the flow of horticultural imports into the country. (10%)

### **Question 3**

Regional economic integration can be seen as an attempt to achieve additional gains from the free flow of trade and investment between countries beyond those attainable under international agreements like the WTO. With specific reference to the Africa Continental Free Trade Agreement (AfCFTA), discuss the economic and political arguments for and against regional economic integration. (25%)

### **Question 4**

Suppose a country wants to protect its producers from foreign competition and is trying to decide whether to impose a tariff or an import quota. How are the effects of a tariff (on prices, supply, demand, government revenue, quantity imported) similar to the effects of a quota and how are they different? Please illustrate with a graph. (25%)

### **Question 5**

Given that exchange rates determination is basically premised on the law of demand and supply of a currency, critically analyse the factors that determine the demand and supply of the major currencies used in the global financial markets as a medium of exchange. The use of practical examples is recommended. (25%)

**END OF EXAMINATION PAPER**