



**National University of  
Science and Technology**  
*Think in Other Terms*



**FACULTY OF COMMERCE  
DEPARTMENT OF FINANCE  
BACHELOR OF COMMERCE HONOURS DEGREE IN FISCAL STUDIES  
SUPPLEMENTARY EXAMINATION – JULY/AUG 2015  
INTERNATIONAL TRADE [CFS 4102]**

**TIME ALLOWED: THREE (3) HOURS**

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**INSTRUCTIONS TO CANDIDATES**

- 1) Answer any **FOUR (4)** questions.
- 2) Read questions carefully and address all parts of the questions.
- 3) Questions may be written in any order, but must be legibly numbered.
- 4) Write legibly.

**ADDITIONAL INFORMATION FOR CANDIDATES**

- 1) The paper contains SIX (6) questions.
- 2) This paper consists of 4 printed pages, including cover page.
- 3) Marks for each question are shown in parentheses brackets ( ) and square brackets [ ] at the end of each part of the question and full question respectively.
- 4) All questions carry **equal marks** [25 marks].

### **QUESTION ONE**

a) Discuss the three static engines of economic growth for modern economies.

**(3, 3, 3 marks)**

b) Explain the relevance and significance of international trade as a critical static engine of economic growth for African economies.

**(4, 4 marks)**

c) Using Zimbabwe as an example, to what extent can the country use its comparative advantage to promote economic growth through trade? **(8 marks)**

**TOTAL [25 Marks]**

### **QUESTION TWO**

a) Policy makers are often confronted with the challenge of balancing between trade protection and trade liberalisation policies. Given your knowledge of what should be contained in a national trade policy, in your view what factors should be considered in balancing between protection and liberalisation policies?

**(15 marks)**

b) Using illustrative diagrams, explain how the domestic economy may be affected by using each of the following trade policies:

i. Production subsidies

**(5 marks)**

ii. Export subsidies

**(5 marks)**

**TOTAL [25 Marks]**

### **QUESTION THREE**

Availability of natural resources in a country is often regarded as a fundamental factor for national competitiveness and hence a given comparative advantage in international trade. However, that is not always the case particularly for most developing countries. Discuss.

**(25 marks)**

**TOTAL [25 Marks]**

#### **QUESTION FOUR**

a) Discuss main components that should be captured in a national trade policy.

**(8 marks)**

b) Explain reasons for a government to properly align strategies adopted in the national trade policy to those in national economic plan of the country.

**(5 marks)**

c) The Zimbabwe National Trade Policy (2012 - 2016) identified the following four key sectors as critical to achieving a targeted 10% increase in export earnings through its export-led industrialisation support strategy.

- i. Agro-processing (food, beverages, clothing, textiles, leather, wood and furniture),
- ii. Fertilizer industry,
- iii. Pharmaceuticals, and
- iv. Metals and electrical.

Given the focus of the policy stated above, critically evaluate the strengths and weaknesses of this policy *vis-à-vis* its ability to achieve the set objective of stimulating economic growth through export-led industrialisation. **(6, 6 marks)**

**TOTAL [25 Marks]**

#### **QUESTION FIVE**

a) State any three international organisations involved in the governing or facilitation of international trade.

**(3 marks)**

b) Explain the functions and principles under which the World Trade Organisation (WTO) operates.

**(5, 5 marks)**

c) Zimbabwe and Zambia co-hosted the 20th United Nations World Tourism Organisation (UNWTO) General Assembly from 24<sup>th</sup> to 29<sup>th</sup> August 2013 in Victoria Falls and Livingstone respectively. Discuss how such events by UNWTO or WTO help local business enterprises and governments in terms of international trade promotion.

**(12 marks)**

**TOTAL [25 Marks]**

### **QUESTION SIX**

- a) Explain any three levels of regional economic integration. **(2, 2, 2 marks)**
- b) With specific reference to Africa, discuss the rationale for the formation of regional economic communities (RECs) in terms of the following:
- i) Allocation effects, **(3 marks)**
  - ii) Accumulation (or growth) effects of free trade in regional trade blocs, and **(3 marks)**
  - iii) Location effects. **(3 marks)**
- c) What factors mostly account for the slow progress among the African regional economic communities (RECs)? Discuss. **(10 marks)**

**TOTAL [25 Marks]**

**END OF EXAMINATION PAPER**