



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



FACULTY OF COMMERCE

DEPARTMENT OF FINANCE

BACHELOR OF COMMERCE HONOURS DEGREE IN FISCAL STUDIES

FINAL EXAMINATION – DECEMBER 2016

INTERNATIONAL TRADE [CFS 4102]

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS TO CANDIDATES

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

ADDITIONAL INFORMATION FOR CANDIDATES

- 1) The paper contains **SIX (6)** questions.
- 2) This paper consists of **THREE (3)** printed pages, including cover page.
- 3) All questions carry equal marks [25 marks].

QUESTION ONE[TOTAL 25 MARKS]

- a) Identify and explain any three socio-economic and any two political determinants of international trade, clearly how each has a bearing on global trade. [15 marks]
- b) Given the international trade determinants you have identified in (a) above, discuss how any two of them are linked to the pattern of international trade, in particular the trends and flows of trade amongst trading countries. [10 marks]

QUESTION TWO[TOTAL 25 MARKS]

- a) Discuss the theoretical relationship that explains the promotion of economic growth through trade that is stimulated by the following international trade components for an economy in respect of:
- i) Exports. [3 marks]
 - ii) Imports. [3 marks]
 - iii) Mineral Mining [5 marks]
 - iv) Manufacturing [5 marks]
 - v) Agriculture [5 marks]
- In your discussion, clearly explain the merits and demerits of promoting each of the above as drivers of economic growth through trade.
- b) With respect to agriculture, how has the failure of trade negotiations affected trade between the developed and developing countries? [4 marks]

QUESTION THREE[TOTAL 25 MARKS]

- a) 'A national trade policy of a country must ideally be aligned to the national economic plan of that country'.
Discuss the relevance of this statement in relation to the role of trade on economic development. [5 marks]

- b) Identify any two principal priority areas of the National Trade Policy of Zimbabwe (2012-2016) and explain the effectiveness of their implementation in boosting international trade for Zimbabwe?

[12 marks]

- c) What would you consider to be the main challenges in the implementation of the two trade priority areas you discussed in (b) above? [8 marks]

QUESTION FOUR [TOTAL 25 MARKS]

Identify and discuss any three political and any two socio-economic factors that determine the flow and patterns of trade.

Use examples from specific countries in your discussion. [25 marks]

QUESTION FIVE [TOTAL 25 MARKS]

Since 1980, the world Gross Domestic Product (GDP) has grown by just over 3.5% annually while trade has averaged an annual growth rate of 5.7% (Markusen, 1995).

- a) Based on this evidence, discuss the benefits of international trade on economic growth. [15 marks]

- b) Using examples, explain the link in the flow of trade patterns in some regions of the world and the related rate of economic development in those regions.

[10 marks]

QUESTION SIX [TOTAL 25 MARKS]

- a) International trade financing and governing has seen the establishment of several international trade institutions over the years.

Discuss the roles and operating principles of any one such international trade institution that governs and promotes international trade in order to make international trading easy, beneficial and standard across countries.

[15

marks]

- b) Notwithstanding the roles played by international trade institutions such as those mentioned in (a) above, discuss the main contentious issues that still divide the developed and undeveloped countries on matters of trade, particularly in as far as trade agreements are concerned. [10 marks]

END OF EXAMINATION PAPER