



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 12BECO	LEVEL: 7
COURSE CODE: INT711S	COURSE NAME: INTERNATIONAL TRADE
SESSION: MAY/JUNE 2024	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer only four (4) questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. PEN,
2. PENCIL
3. CALCULATOR

THIS QUESTION PAPER CONSISTS OF 2 PAGES (Including this front page)

Question 1 [25 marks]

1. Discuss the Mercantilism Domestic Economic Policies? [16]
2. Write a brief description of the following: [9]
 - a. Export industries,
 - b. Import competing industries,
 - c. Nontrade goods.

Question 2 [25 marks]

1. The table below presents the unit labour requirements of the two countries. Answer the questions that follows:

	cheese	wine
Hochlandville	$AL_c = 1\text{hr per pound}$	$AL_w = 2\text{hrs per gallon}$
Doradoville	$A^*L_c = 6\text{hrs per pound}$	$A^*L_w = 3\text{hrs per gallon}$

- (a) $L=L^*=100$, derive the PPF in retrospective of the Ricardian model. [6]
- (b) Which country has absolute advantage? [2]
- (c) Which country has comparative advantage in producing cheese? [2]
- (d) With the aid of clearly labelled graph, explain how trade push the two countries into equilibrium? [15]

Question 3 [25 marks]

With the aid of graphs where necessary explain, the H-O model robustness of gain from trade under the 2x2x2 assumptions:

1. Two gains from trade that may arise when country open-up for trade [10]
2. Identical production capacity and different demand [10]
3. Discuss Rybczynski Theorems of neoclassical trade theory [5]

Question 4 [25 marks]

- a) The Imitation Lag Hypothesis relaxes the assumption in the Heckscher-Ohlin analysis that the same technology is available everywhere. It assumes that there is a delay in the transmission or diffusion of technology from one country to another. Explain this hypothesis in full. [10]
- b) The Product-Life-Cycle-Theory builds on the Imitation Lag Hypothesis although it is more complete in the treatment of trade patterns. Discuss the three stages of a new product and its impact on international trade. [15]

Question 5 [25 marks]

1. Dumping refers to the sale of a good in foreign markets below production cost. Considering dumping by private companies and unrelated to government subsidies. Distinguish between the three types of dumping. [10]
2. Analyse the possible effects of the imposition of a tariff on all stakeholders in the context of a small country. [15]