



**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: O7BEC0	LEVEL: 7
COURSE CODE: INT711S	COURSE NAME: INTERNATIONAL TRADE
SESSION: JUNE 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Ms. Kasnath Kavezeri
MODERATOR:	Mr. Immanuel Nashivela

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Pens/pencils/erasers
2. Calculator
3. Ruler

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

QUESTION 1 [25 Marks]

1. What is the meaning of the labour theory of value? (2)
2. List the three components of the economy in the context of mercantilism. (3)
3. In Mercantilist thinking, why was a positive trade balance so important and why did it not result in domestic inflation and a loss of international competitiveness? (5)
4. Discuss five differences between domestic and international trade. (15)

QUESTION 2 [25 Marks]

1. Use the information in the table below to answer the following questions.

Production per unit of Labor:		
	U.S.	Argentina
Wheat	200	20
Beef	100	80

- a) Does either country have an absolute advantage in the production of wheat or beef? Explain. (3)
 - b) What is the opportunity cost of wheat in each country? (2)
 - c) What is the opportunity cost of beef in each country? (2)
 - d) Analyse comparative advantage and opportunities for trade between the U.S. and Argentina. (3)
2. Analyse the basis for international trade in the Heckscher-Ohlin 2x2x2 model with the aid of a diagram and clearly state the Heckscher-Ohlin theorem. (15)

QUESTION 3 [25 Marks]

Discuss and graphically illustrate the three phases of the Product Cycle Theory. (25)

QUESTION 4 [25 Marks]

1. Write short notes on the following concepts:
 - a) Equilibrium Terms of Trade (ToT) (5)
 - b) Vertical Specialisation (5)
 - c) Offer curves (5)
2. Assume a world of two countries, **A** and **B**, and two goods, **X** and **Y**. Assume further that country A imports good Y and exports good X. Use offer curves to illustrate and explain a disequilibrium resulting from increased demand by country A. (10)

TOTAL = 100 MARKS