

CHUKA



UNIVERSITY

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**EXAMINATION FOR THE AWARD OF DEGREE OF
MASTERS OF AGRIBUSINESS MANAGEMENT**

AGBM 818: INTERNATIONAL AGRICULTURE TRADE

STREAMS: MSC AGBM

TIME: 3 HOURS

DAY/DATE: MONDAY 03/12/2018

2.30 PM – 4.30 PM

INSTRUCTIONS:

Answer Question One and any other Two Questions

Question One (20 Marks) Compulsory

- (a) Explain the benefits that small scale farmers in Kenya get from international trade generated through the East African preferential trade area and other regional common markets. [3 marks]
- (b) Explain the common assumption made in both absolute and comparative advantage theories of international trade. [3 marks]
- (c) Analyse three ways that agricultural firms use to obtain sustainable competitive advantage in international trade. [3 marks]
- (d) Explain why agricultural sectors are protected by tariff and non-tariff barriers in developed countries and why. [5 marks]
- (e) Describe three types of trade policies that a country may adapt in order to promote agricultural production in the local economy which work against international trade in agriculture. [6 marks]

Question Two (20 Marks)

- (a) Explain any five, factors that promotes international trade and investment in agriculture. [10 marks]

- (b) The future of trade in agricultural goods is in the hands of the youth. However, all over the world the youth are disinterested in agriculture. Evaluate the reasons for young people's disinterest in agriculture and suggest policy measures that can reverse this trend.

[10

marks]

Question Three (20 Marks)

The global harvest initiative is a private sector voice for productivity growth to sustainability throughout the agricultural value chain to improve global food and nutritional security through productivity gains and improved conservation of natural resource.

- (a) Explain the policies they propose. [10 marks]
- (b) Explain why foreign aid is not a must in this policy implementation. [5 marks]
- (c) What measures can developing countries take to increase domestic investment and reduce reliance on foreign aid? [5 marks]

Question Four (20 Marks)

- (a) Explain the impact of overvalued exchange rates and balance of trade deficits international trade in agriculture products from developing countries. [10 marks]
- (b) Explain why the terms of trade of agricultural commodities have been deteriorating over time with respect to trade in industrial goods. [10 marks]

Question Five (20 Marks)

- (a) Using case studies from Kenya and East Africa explain the role of multinational in international trade in agricultural commodities. [10 marks]
- (b) International commodity agreements have helped stabilize agricultural commodity prices. Explain how these work and some of their limitations. [10 marks]
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