

ECS3702
 May/June 2014
 Mei/Junie 2014

**INTERNATIONAL TRADE
 INTERNASIONALE HANDEL**

 Duration 2 Hours
 Tydsduur 2 Ur

 100 Marks
 100 Punte
EXAMINERS / EKSAMINATORE :

FIRST / EERSTE	MS/ME KO AMUSA
SECOND / TWEEDE	MR/MNR MR MARAIS
EXTERNAL / EKSTERNE	MR/MNR ZC BOTHA

Closed book examination
Toeboekeksamen.

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.

Hierdie eksamenvraestel bly die eiendom van die Universiteit van Suid-Afrika en mag nie uit die eksamenlokaal verwyder word nie.

This paper consists of 28 pages including 3 pages for rough work (pp 26 to 28) plus the special front page

Hierdie vraestel bestaan uit 28 bladsye insluitende 3 bladsye vir rofwerk (pp 26 tot 28) plus die spesiale voorblad

Students will be penalised for writing in point form except where necessary.

Studente sal gepeenaliseer word as hulle vrae puntsgewys beantwoord, behalwe waar dit vereis word.

STUDENT NUMBER / STUDENTENOMMER									

Answer question (1) from section A and any three (3) questions of your choice from section B Each question carries 25 marks.

Beantwoord vraag (1) in afdeling A en enige drie (3) vrae van u keuse uit afdeling B Elke vraag tel 25 punte.

**[TURN OVER]
 [BLAAI OM]**

**SECTION A
AFDELING A**

This section is compulsory for all students. All students must answer question 1.
Hierdie afdeling is verpligtend vir alle studente. Alle studente moet vraag 1 beantwoord.

**QUESTION 1
VRAAG 1**

SECTION A/ AFDELING A

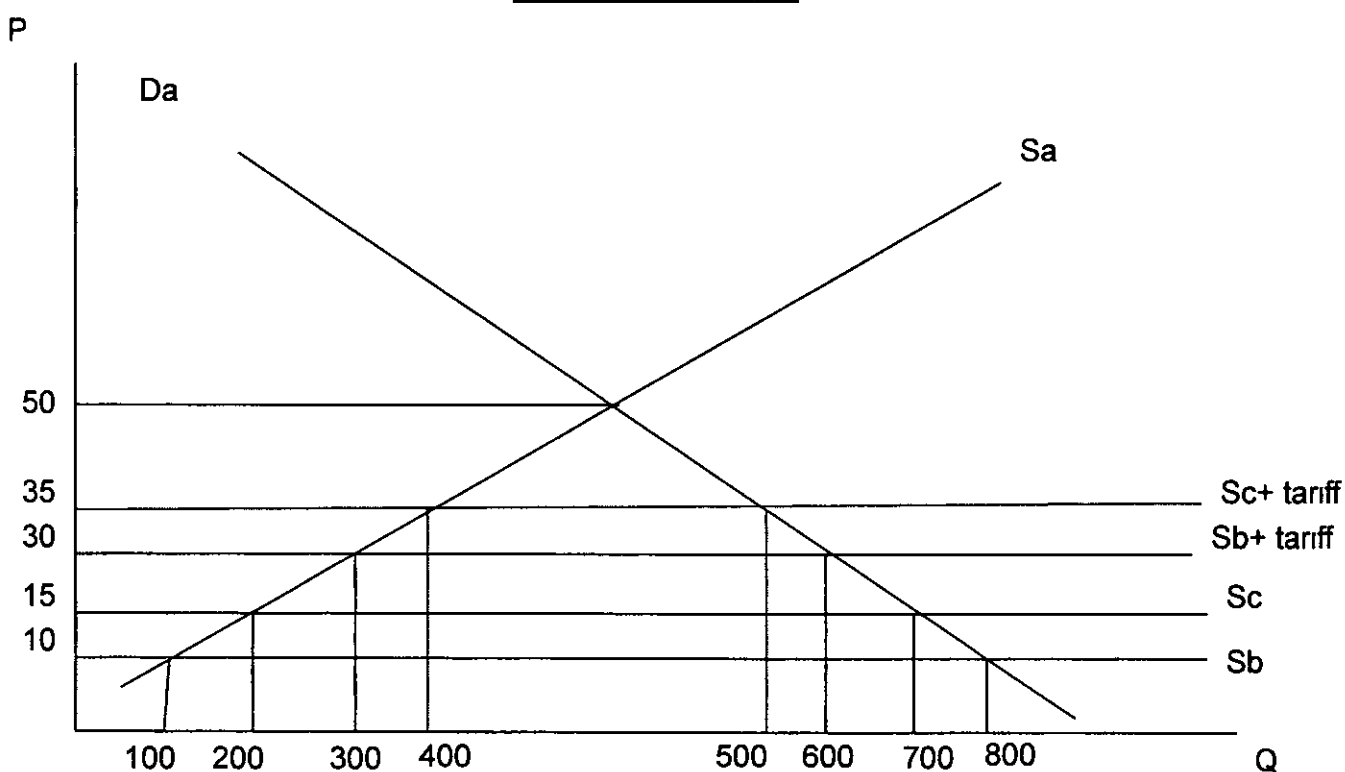
This question is compulsory

Hierdie vraag is verpligtend

Use figure 1 below to answer question 1 that follows

Gebruik figuur 1 hier onder om vraag 1 wat volg te beantwoord

FIGURE 1 / Figuur 1



[TURN OVER]
[BLAAI OM]

QUESTION 1
VRAAG 1

- (a) If South Africa (country A) imposes a R20 per unit tariff on imports of commodity T from both Botswana (country B) and China (country C)

Suid-Afrika (land A) stel 'n tarief van R20 per eenheid op die invoer van kommoditeit T uit Botswana (land B) sowel as China (land C) vas

- (i) Country A will import from which country? Explain (5)

Uit watter land sal land A invoer? Verduidelik (5)

- (ii) How much will be imported? (5)

Hoeveel sal ingevoer word? (5)

- (b) Assume country A forms a customs union with country B, how much is the volume of trade created? Explain (5)

Veronderstel land A en land B stig saam 'n doeane-unie, hoeveel is die handelsvolumewat geskep word? Verduidelik (5)

- (c) Would domestic producers in country A prefer the agreement of their country joining a customs union to not joining a customs union? Explain your answer (5)

Sal binnelandse produsente in land A verkies dat hulle land ooreenstem om aan te sluit by 'n doeane-unie of nie? Verduidelik u antwoord (5)

- (d) Would domestic consumers in country A prefer a customs union with country B and C or none of them? Explain your answers (5)

Sal binnelandse verbruikers in land A 'n doeane-unie met land B en C verkies of nie met een van hulle nie? Verduidelik u antwoorde (5)

[25]

SECTION B
AFDELING B

Students must answer any **THREE** of the following four questions in this section
 Studente moet enige **DRIE** van die volgende vier vrae in hierdie afdeling beantwoord

QUESTION 2
VRAAG 2

You are informed by your international trade instructor that tariffs have more of a negative impact on the overall welfare in a small country than in a large country Use your understanding of trade policy to evaluate the validity of the statement [25]

U word deur u internasionale handelsinstrukteur in kennis gestel dat tariewe 'n meer negatiewe uitwerking op die algehele welvaart in 'n klein land as in 'n groot land het. Evalueer die geldigheid van hierdie stelling aan die hand van u begrip van handelsbeleid [25]

QUESTION 3
VRAAG 3

(a) Export subsidies are classified under non-tariff barriers Using a well-drawn diagram, explain the partial equilibrium effect of an export subsidy (10)

Uitvoersubsidies word onder nie-tariefversperrings geklassifiseer Deur gebruik te maak van 'n goed getekende diagram, verduidelik die gedeeltelike ewewigseffek van 'n uitvoersubsidie (10)

(b) Review any three of the arguments for trade protection (15)

Gee 'n oorsig van enige drie van die argumente vir handelsbeskerming (15)

[25]

QUESTION 4
VRAAG 4

(a) State the Heckscher-Ohlin theorem What is the Leontief paradox in the context of the Heckscher-Ohlin theorem? (7)

Noem die Heckscher-Ohlin-stelling Wat is die Leontief-paradoks in die konteks van die Heckscher-Ohlin-stelling? (7)

[TURN OVER]
[BLAAI OM]

- (b) State the Stolpher-Samuelson theorem (5)
Noem die Stolpher-Samuelson-stelling (5)
- (c) Assume a tariff is imposed, use the Stolpher-Samuelson theorem to explain the effect on a nation's scarce factor of production. Is the Stolpher-Samuelson theorem always true for both a large and small country? (13)
Veronderstel 'n tarief word vasgestel, gebruik die Stolpher-Samuelson-stelling om die uitwerking op 'n land se skaars produksiefaktor te verduidelik. Is die Stolpher-Samuelson-stelling altyd waar rakende 'n groot en klein land? (13)
- [25]

QUESTION 5
VRAAG 5

Assume country 1 is a capital-abundant country and country 2 is a labour-abundant country. Illustrate and explain the pattern of trade and gains from trade within the Heckscher-Ohlin theorem framework. [25]

Veronderstel land 1 is 'n kapitaal-oorvloedige land en land 2 is 'n arbeidsoorvloedige land. Illustreer en verduidelik die handelspatroon en voordeel uit handel binne die Heckscher-Ohlin-stellingsraamwerk. [25]

TOTAL: 100
TOTAAL: 100

[TURN OVER]
[BLAAI OM]

SECTION A
AFDELING A

This section is compulsory for all students. All students must answer question 1.
Hierdie afdeling is verpligtend vir alle studente. Alle studente moet vraag 1 beantwoord.

QUESTION 1
VRAAG 1

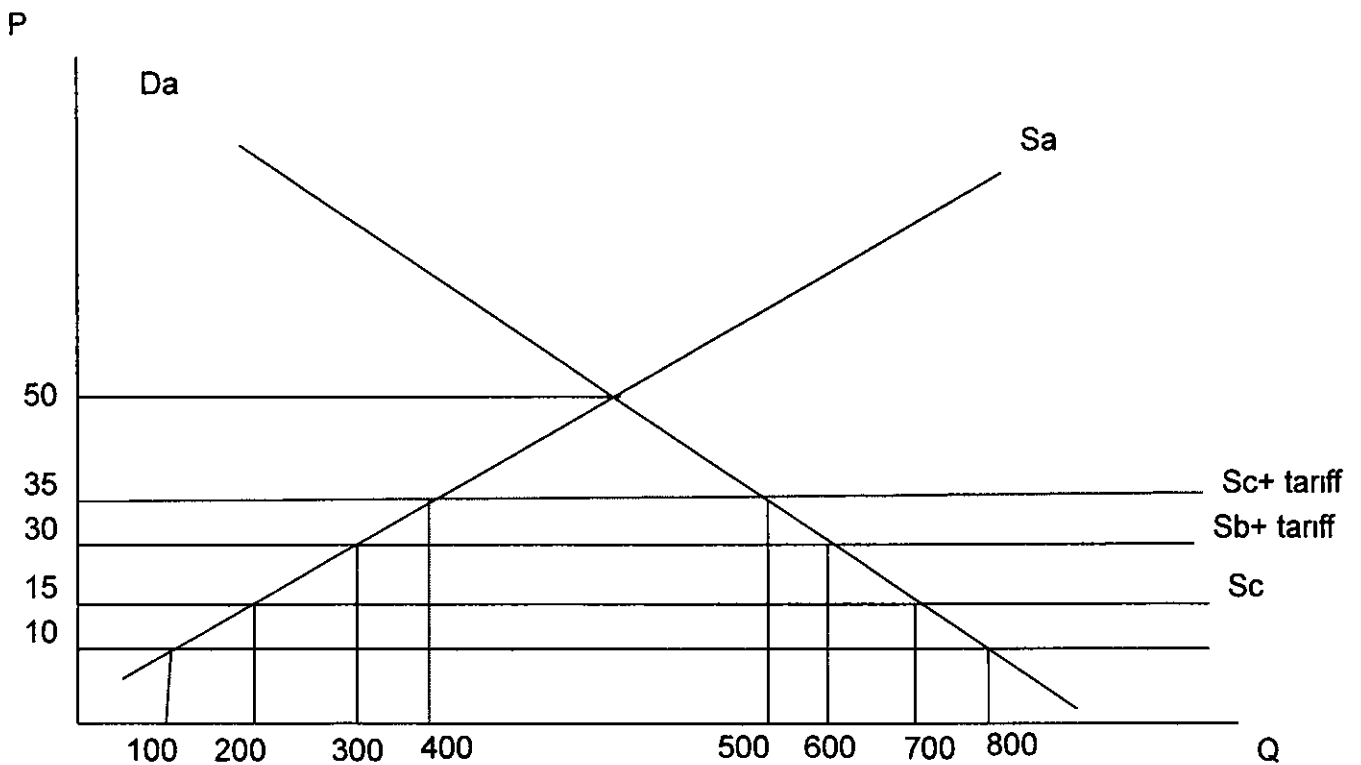
This question is compulsory

Hierdie vraag is verpligtend

Use figure 1 below to answer question 1 that follows

Gebruik figuur 1 hier onder om vraag 1 wat volg te beantwoord

FIGURE 1 / Figuur 1



[TURN OVER]
[BLAAI OM]

QUESTION 1
VRAAG 1

- (a) If South Africa (country A) imposes a R20 per unit tariff on imports of commodity T from both Botswana (country B) and China (country C)

Suid-Afrika (land A) stel 'n tarief van R20 per eenheid op die invoer van kommoditeit T uit Botswana (land B) sowel as China (land C) vas

- (i) Country A will import from which country? Explain (5)

Uit watter land sal land A invoer? Verduidelik (5)

- (ii) How much will be imported? (5)

Hoeveel sal ingevoer word? (5)

(b) Assume country A forms a customs union with country B, how much is the volume of trade created? Explain (5)

Veronderstel land A en land B stig saam 'n doeane-unie, hoeveel is die handelsvolumewat geskep word? Verduidelik (5)

(c) Would domestic producers in country A prefer the agreement of their country joining a customs union to not joining a customs union? Explain your answer (5)

Sal binnelandse produsente in land A verkies dat hulle land ooreenstem om aan te sluit by 'n doeane-unie of nie? Verduidelik u antwoord (5)

ROUGH WORK / ROFWERK

**[TURN OVER]
[BLAAI OM]**

ROUGH WORK / ROFWERK

[TURN OVER]
[BLAAI OM]

