



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

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AUGUST – DECEMBER 2015 TRIMESTER

INSTITUTE FOR REGIONAL INTERGRATION AND DEVELOPMENT

REGULAR PROGRAMME

MRI 513: TRADE AND DEVELOPMENT

Date: APRIL 2015

Duration: 3 Hours

INSTRUCTIONS: Answer ALL QUESTIONS IN SECTION A and ANY TWO questions in SECTION B

SECTION A

- Q1. It is stated that trade has played a central role in development of the economies of poor countries. These countries pursue national development objectives within the context of the world economy. Discuss this relating to the FIVE East African Countries – raising challenges and solutions in each East African economy. **(25 marks)**
- Q2. The difference in the resource endowments among countries in Africa account for inter-industry trade and the differences in skills, research and development and innovations in new products account for their comparative advantages. Explain the meaning of comparative advantage here. Discuss what the indirect benefits of trade on development needs include. **(25 marks)**

SECTION B

- Q3 It has been found that exports from the developing countries of Africa are mostly raw materials of natural and national resources. Explain this citing to the theories that have been used internationally. Also show that reason that causes the value of such exports be low. To change this situation

some economist has suggested that value addition transformation of the said resources would increase the prices of such. Explain this clearly. **(25 marks)**

Q4. We have used the WTO functions and basic principles from the World Bank perspectives. Explain in this context the following

- a) The principles
- b) Nondiscrimination (MFN)
- c) Reciprocity
- d) Binding and enforceable commitments
- e) Transparency
- f) Safety values

(25 marks)

Q5. Accession to the WTO is a complex, difficult and lengthy process. If this is the case what then are the benefits that members must suffer to achieve? Is it this that makes accession to WTO take so long? Discuss this in case of weak follow up, political challenges inherent time consuming, and difficulties in negotiations / tactics applied by different countries? To have a successful access to negotiations, what must countries do to succeed? **(25 marks)**

Q6. Developing countries find WTO dispute settlement system very difficult for poor countries. Why do these countries enter into WTO. Explain carefully referring to any one of the Eastern African countries and how often they have taken any case to the dispute settlement. **(25 marks)**

Q7. Suggest how dispute settlement institution in Geneva can be reformed to represent and help the poor African countries effectively. **(25 marks)**

END