



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Economics
CAMPUS	APK
MODULE NAME	International Trade and Policy Issues
MODULE CODE	EKN4811/ITP8X02
SEMESTER	Second
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Supplementary Assessment Opportunity January 2020

ASSESSMENT DATE		SESSION	
ASSESSOR(S)	Dr MK Wilson (UJ)		
MODERATOR(S)	Prof J Dikgang(UJ) and Ms NS Cattaneo (Rhodes University)		
DURATION	3 hours (180 min)	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	2
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INSTRUCTIONS:

- This is a closed-book assessment.
- The paper consists of **four** (4) questions. Answer ALL the questions.
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.

Question 1**[25 marks]**

- a) Examine various explanations for commodity dependence, in particular the role of global value chain structures. (15)
- b) Analyze how trade can affect poverty through changes in employment, wages, prices, taxes and transfers. (10)

Question 2**[25 marks]**

“The mainstream narrative of market and linear integration is inappropriate for Africa and should be replaced by a development integration approach.”

- a) Discuss this statement in the context of the African Continental Free Trade Area (AfCFTA). (15)
- b) Discuss the role of China in the trade and economic development of Africa *since the dawn of the new millennium*. (10)

Question 3**[25 marks]**

- a) Discuss Hymer’s critique of the neoclassical approach to FDI. (8)
- b) Explain why Hymer assumes that direct production abroad involves extra costs and risks. (5)
- c) What is Hymer’s key element in the search for determinants of international production – and a key assumption in Hymer’s theory? (3)
- d) Discuss Hymer’s two main determinants of direct investment abroad, as well as a third minor reason for foreign direct investment on the part of large firms. (9)

Question 4**[25 marks]**

Dunning’s approach to internationalization consists of an attempt to analyse the why, where and when/how decisions in terms of ownership, locational and internalization (OLI) advantages.

- a) Explain the OLI advantages as outlined by Dunning. (9)
- b) Describe the three types of ownership advantages identified in Dunning’s 1980 work. (9)
- c) Discuss the three conditions under which FDI takes place as identified by Dunning’s 1980 article. (7)

END OF THE PAPER