



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021_2 EXAMINATION**

COURSE TITLE: INTERNATIONAL TRADE AND FINANCE

COURSE CODE: ECO 445

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

1 (a) With the use of Edgeworth box, derive optimal factors inputs and outputs in trade in international trade. **(20 marks)**

1b Differentiate between the potential and actual gains from international trade **(10 marks)**

2. The table below shows the man-days of labour required for producing a ton of cocoa and groundnut in Nigeria and Ghana. Use the table to explain the principle of comparative advantage and how both countries can benefit when they engage in international trade. **(20 marks)**

| Country | cocoa | Groundnut |
|---------|-------|-----------|
| Nigeria | 12 | 10 |
| Ghana | 8 | 9 |

3. List and explain the Merits and Demerits of International Trade **(20 marks)**

4. Explain the various types of dumping that you know. What objectives does dumping intend to achieve? **(20 marks)**