

International Trade

Que 1: Match the following

Marks :(3)

Regional Trade Blocs

Head Quarters

A. OPEC

Jakarta

B. EU

Vienna

C. ASEAN

Brussels

Ans: A. 2

B. 3

C. 1

Que 2: Headquarters of W.T.O. is located at:

a) Geneva b) Minsk c) Jakartha d) Vienna

Marks :(1)

Ans: a) Geneva

Que 3: Explain balance of trade

Marks :(4)

Ans: Balance of trade records the volume of goods and services imported as well as exported by a country to other countries. If the value of imports is more than the value of a country's exports, the country has negative or unfavorable balance of trade. If the value of exports is more than the value of imports, then the country has a positive or favorable balance of trade.

Que 4: Explain the types of international trade.

Marks :(4)

Ans: International trade may be categorised into two types:

(a) **Bilateral trade:** Bilateral trade is done by two countries with each other. They enter into agreement to trade specified commodities amongst them. For example, country A may agree to trade some raw material with agreement to purchase some other specified item to country B or vice versa.

(b) **Multi-lateral trade:** As the term suggests multi-lateral trade is conducted with many trading countries. The same country can trade with a number of other countries. The country may also grant the status of the "Most Favoured Nation" (MFN) on some of the trading partners.

Que 5: Identify the three important aspects of international trade. Explain anyone.

Marks :(3)

Ans: Volume of trade, direction of trade and composition of trade.

Explain anyone.

Que 6: International trade is the result of differences in national resources. Substantiate. Marks :(3)

Ans: The world's national resources are unevenly distributed because of differences in their physical make up i.e. geology, relief soil and climate.

(a) Geological structure: It determines the mineral resource base and topographical differences ensure diversity of crops and animals raised. Lowlands have greater agricultural potential. Mountains attract tourists and promote tourism.

(b) Mineral resources: They are unevenly distributed the world over. The availability of mineral resources provides the basis for industrial development.

(c) Climate: It influences the type of flora and fauna that can survive in a given region. It also ensures diversity in the range of various products, e.g., wool production can take place in cold regions, bananas, rubber and cocoa can grow in tropical regions.

Que 7: What were the hindrances to international trade during world war period? How it was tackled? Marks :(2)

Ans: During the World Wars I and II, countries-imposed trade taxes and quantitative restrictions for the first time. During the post- war period, organisations like General Agreement for Tariffs and Trade (which later became the World Trade Organisation), helped in reducing tariff.