

**University of Abomey-calavi**  
**Regional Higher School of International Trade**  
**Academic Year: 2018-2019. Master Degree Courses**  
**Semester 7. Lecturer: Dr. Abel COUAO-ZOTTI**  
**Course: Business English Applied to International Trade.**

**Final Examination** (Duration: 02hours)

**Text:** International Trade

International trade is the exchange of goods and services between two or more nations.

Nations trade to acquire needed products and sell excess products. Two theories are often used to explain why countries decide to trade internationally. The first is absolute advantage. If a country can create higher quality products, faster and less expensively than all others. Or if it is the only country that can supply this product, it has absolute advantage in the global market.

The second theory is the comparative advantage theory. In this theory, a country primarily exports those goods it is more efficient at producing. For example, some Asian countries produce electronic components very efficiently. In exchange, they often purchase beef from the U.S.

International trade is measured by calculating imports and exports. There are two main calculations: balance of trade and balance of payments. The balance of trade shows if the nation has a trade surplus or trade deficit. The balance of trade is the difference between Exports and Imports. If exports exceed imports then there is a trade surplus. Conversely if imports exceed exports then there is a trade deficit. The balance of payments compares money coming into a country and money leaving the country. It is the difference between all Payments in and all Payments out.

Countries trade without restrictions with other countries, this is free trade; but countries can choose to restrict trade with other countries. This is protectionism. This most common reason to restrict trade are to save jobs, or protect growing and weak industries. Methods of protectionism include tariffs, quotas, embargos, and sanctions.

Tariffs are taxes on imports; quotas are limits on the amount of imports par year, an embargo is a complete ban on imports; sanctions are Politically motivated embargoes. Other protective methods include subsidies, dumping, voluntary export restraints, and restrictive import standards.

One of the difficulties of international trade is exchanging currency. The exchange rate determines how much of one currency can be traded for another. When a country's economy causes the currency to drop in relation to other currencies, this is devaluation. There are two methods of valuating currency: floating exchange rate system, and fixed exchange rate. In the floating rate a country's currency fluctuates in response to supply and demand.

**Extracted from: International Trade Files**

**INSTRUCTIONS:** After reading this passage, recall the contents of documents provided. Act on these questions.

**Question1:** (marks 04)

- Precise the advantages and the draw-backs of International Trade.

**Question2:** (marks 04)

- On International scale, free trade is recommended throughout the world by the World Trade Organization.

Find out why do some Nations / states keep on practising protectionism.

**Question3:** (marks: 04)

Trace the impact of currencies on international trade.

**Composition** (marks: 08)

Whether local or international, trade is a need in every Nation / state. On international scale, poor countries experience adverse balance of trade and negative balance of payments. That is the case in Africa.

Find out how can Africans reverse such a situation.