

International trade – Worksheet 1

1.1 Reading

DEFINITION

International trade can be defined as an **exchange of goods**, capital and services across a country's border or as all **export** and **import** of any goods or commodity transported from one country to another country. It is an important factor of economic growth because goods produced for **foreign markets** increase GDP. Exports and imports influence the **balance of payments**. International trade takes part in international **division of labour**.

BALANCE OF PAYMENTS

It is a **record of all transactions** of a country in a certain period of time, usually a year. It shows the **flow of money** coming in and going out of the country's economy. The credit side represents all transactions that bring money into the country (**payments** from foreigners) and the debit side represents **money outflows** (payments to foreigners). If more money flows into the country than out, the balance of payments is positive; if there is a **deficit in the balance**, it is negative. It is the summation of visible and invisible balance.

COMPONENTS OF BALANCE OF PAYMENTS

Balance of payments includes: 1) the visible balance of trade which shows exports and imports of **visible goods**; 2) the invisible balance which shows invisible imports and exports of services; 3) **capital inflow** or outflow.

VISIBLE TRADE

It is trade in goods (foodstuffs, raw materials, finished goods).

INVISIBLE TRADE

It is trade in services (insurance, banking, shipping, tourism, air services, etc.)

VISIBLE BALANCE

It is the quantitative difference between visible exports and visible imports. Usually, countries have a deficit because they import more goods than they export.

INVISIBLE BALANCE

It is the difference between export and import of invisible goods (services).

1.2 Find the words in the text and translate.

- | | |
|--------------------------------|---|
| 1 zahraniční trh | 10 obch. se službami |
| 2 záznam všech transakcí | 11 vývoz |
| 3 obch. bilance služeb | 12 obch. bilance viditelného zboží..... |
| 4 platba | 13 dělba práce |
| 5 směna zboží | 14 schodek v zůstatku..... |
| 6 viditelné zboží | 15 obch. s viditelným zbožím |
| 7 příliv kapitálu..... | 16 mezinárodní obchod |
| 8 platební bilance..... | 17 dovoz |
| 9 tok peněz | 18 odliv peněz |

1.3 Complete the prepositions.

AS, ACROSS, IN (2x), OUT, OF, FROM, BETWEEN, THAN, TO

- | | |
|---|---|
| 1 Import includes goods that go the country. | 5 This year, export is lower it was last year. |
| 2 Inter. trade is defined an exchange of goods. | 6 Goods are transported the borders. |
| 3 The visible balance trade shows important data. | 7 Money inflows are payments foreigners. |
| 4 Invisible trade is trade services. | 8 Inter. trade is trade at least two states. |
| | 9 Export includes goods that go of the country. |
| | 10 Money outflows are payments foreigners. |

1.4 Answer the following questions.

- 1 What is the difference between domestic trade and international trade?
- 2 Why is international trade an important part of a country's economy?
- 3 What is the difference between *visible* and *invisible trade*?



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INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

International trade – Worksheet 2

2.1 Reading

PROTECTIONISM

Although countries want to cooperate and trade with each other, they have to protect their own economy and **domestic market**. Therefore, they **implement economic policy** which **limits trade** between nations through various methods. In order to protect domestic sellers, producers and market, countries use:

- **CUSTOMS DUTIES** – these are **taxes** paid on **imported** or exported **goods**, it is the oldest **tool of trade policy**, it is designed as a **protectionist measure** to make imports more expensive; they increase the national budget; it is a **tax on imports**; there are many types of duties
- **QUOTAS** – these are maximum amounts of foreign goods which are allowed to be imported
- **TARIFFS** – these are sets of taxes imposed on imported foreign goods
- a variety of **GOVERNMENT REGULATIONS** which try to limit imports
- **ANTI-DUMPING LAWS** which try to protect domestic producers
- export and **import LICENSES**
- **EMBARGO** – a complete ban on trade with a particular country, usually imposed for political reasons
- **HYGIENIC REGULATIONS** and regular inspections

TRADE POLICY

It is a set of principles and instruments by which governments **regulate economic relations** with other countries. They are used in order to **protect domestic production**. The government of the given country can **have full authority** to use them, or the instruments are used according to **agreements** between two or more countries which specify how they are going to trade. Also, countries may form **CUSTOM UNIONS** in order to **make trading cheaper** and more advantageous for its producers. Custom unions are groups of countries that **impose no tariffs on each other's goods**.

2.2 Find the words in the text and translate.

1 domácí trh	13 kvóty.....
2 nástroj obchodní politiky.....	14 vládní omezení
3 chránit domácí výrobu	15 protekcionismus.....
4 zavést národohosp. politiku.....	16 obchodní blokáda.....
5 daň z dovozu	17 ujednání, smlouva.....
6 anti-dumpingové zákony	18 tarify.....
7 zlevnit obchodování.....	19 mít pravomoc.....
8 zdravotní předpisy.....	20 ochranné opatření
9 celní poplatky.....	21 omezovat obchodování.....
10 uvalit tarify na zboží.....	22 celní unie.....
11 dovážené zboží.....	23 dovozní povolení
12 daně.....	24 usměrňovat ekon. vztahy.....

2.3 Answer the questions.

- 1 Why do countries implement protectionist trade policy?
- 2 Should there be tariffs on imported goods? Why yes/not?
- 3 What are advantages or disadvantages of being a member of a custom union?
- 4 What is the function of quotas?
- 5 Why do countries implement hygienic regulations on imported goods? Do you think that the Czech Rep. has good regulations?
- 6 Are Czech producers protected enough or should the government change anything?



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International trade – Worksheet 3

3.1 Reading

IMPORTANT INSTITUTIONS

1 EFTA – EUROPEAN FREE TRADE ASSOCIATION

It has existed since 1960. Its members are Switzerland, Iceland, Norway and Liechtenstein. Its goal was promotion of free trade and economic integration among its member countries.

2 EU - THE EUROPEAN UNION

The EU has developed from the European Economic Community (EEC) which was established in 1957 by West Germany, France, Belgium, the Netherlands, Luxembourg and Italy. Since then the union has accepted new members and the number is now over twenty. Since 31 January 2020 the UK is no longer part of the EU. The members wanted to make a common market, to unite currency and support the development of economy, employment, etc.

3 CEFTA – CENTRAL EUROPEAN FREE TRADE AGREEMENT

The agreement was signed in 1994 by the Czech Republic, Slovakia, Poland, and Hungary. Their membership ended when these countries joined the EU. The present members are countries of former Yugoslavia and Moldova, such as Albania, Bosnia and Herzegovina, Montenegro, etc. The involved countries tried to create a free trade zone.

4 NAFTA – NORTH AMERICAN FREE TRADE AGREEMENT

It was an agreement between Canada, the USA and Mexico which was signed in 1994 and ended its existence on 1 July 2020. It opened trade and ended tariffs on various goods and services.

5 WTO – WORLD TRADE ORGANIZATION

It is the only organization which sets the rules of international trade and deals with international business conflicts among the member states.

6 OECD - ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

It is an international economic organization of 38 most advanced countries of the world. It officially started in 1961 after a transformation of a previous organization. The organization coordinates mutual economic co-operation of member countries. Its goal is to support further economic development, reduction of unemployment, stabilization and development of financial markets.

3.2 Answer the questions.

1 Which institutions mentioned in Reading 3.1 is the Czech Republic a member of?

2 Do you think that such institutions can really influence economy and trade of the chosen region?

3 What advantages are there of being a member of the EU?

4 What disadvantages has the Czech Republic experienced since it joined the EU?

5 If you were an important member of any of the mentioned institutions, what would you change in trade?