



CHAPTER - 9 INTERNATIONAL TRADE

GIST OF THE LESSON:

TWO LEVELS OF TRADE

NATIONAL AND INTERNATIONAL

The initial trade was barter system in which goods are exchanged

Before currency there were flint stones, obsidian, cowries shells tigers paw, whales teeth dogs teeth skins furs cattle rice pepper corns salt small tools copper silver and gold.

HISTORY OF INTERNATIONAL TRADE

- Trade was restricted to small distance due to theft
- People used to satisfy their immediate facilities
- Only rich people used to bring jewellery and other ornaments
- The silk route is an example connecting with china and Rome
- Wool silk precious stones; were trade
- After Rome disintegration it was not given importance
- The slave trade was started with the colonization
- After industrial revolution raw material and finished products are given importance
- During world wars many countries imposed taxes
- After the world war GATT was formed

WHY DOES INTERNATIONAL TRADE EXIST

1. Specialization in production
2. Division of labor
3. Comparative advantage
4. Complementarity and transferability of goods & services
5. Mutual benefit
6. foreign policy
7. developed transport and communication

BASIS OF INTERNATIONAL TRADE

- DIFFERENCE IN NATIONAL RESOURCES
- Geological structure
- Mineral resources
- Climate
- Population factors
- Cultural factors
- Size of population
- Stage of economic development
- Extent of foreign investment
- Transport



GEOGRAPHY (CODE-029)

IMPORTANT ASPECTS OF INTERNATIONAL TRADE

- Volume of trade
- Composition of trade
- Direction of trade
- Balance of trade

TYPES OF INTERNATIONAL TRADE

- Bilateral trade
- Multilateral trade

CASE FOR FREE TRADE**DUMPED GOODS**

DUMPING - The Practice of selling commodity in two countries at a price that differs for reasons not related to costs is called Dumping.

WTO

- GATT was formed in 1948
- The GATT was transformed into WTO on 1.1.1995
- It maintains the global rules between the nations
- It resolves the disputes between the nations related to trade
- It covers trade services, telecommunication and banking, intellectual rights
- It gives importance to rich nations
- It is not favour to poor nations

REGIONAL TRADE BLOCS

ASEAN, CIS, EU, LAIA, NAFTA, OPEC, SAFTA

CONCERNS RELATED TO INTERNATIONAL TRADE

- Regional specialization
- Higher level of production
- Better standard of living
- World wide availability of goods and services
- Equalization of prices and wages
- Diffusion of knowledge and culture
- Leads to dependence
- Uneven level of development
- Exploitation
- Commercial rivalry leads to wars
- Affect life



GEOGRAPHY (CODE-029)

- Increase in production and consumption of resource
- Depletion of resources
- More pollution

GATEWAYS OF INTERNATIONAL TRADE
PORTS

- Provide facilities to cargo and passenger
- Provide docking, loading unloading, storage facilities for cargo
- Maintain navigable channels
- Arrange tugs and barges, provide labor managerial services
- The quantity of cargo handled by the port is an indicator of level of development of its hinter land

TYPES OF PORT
BASED ON CARGO HANDLED

1. Industrial ports
2. Commercial ports
3. Comprehensive ports

BASED ON LOCATION

1. Inland ports
2. Outports

BASED ON SPECIALISED FUNCTION

1. Oil ports
2. Ports of call
3. Packet station
4. Entrepot ports
5. Naval ports

One marks question

Q1. Define the term Hinterland.

Ans. Service land in and around a port.

Q2. India is the member of which trading block?

Ans. Safta

Q3. Which association is the largest single market in the world?

Ans. European union (EU)

Three marks question

Q1. Why are ports always referred to as gateway of International trade?

Ans. The word port is derived from the Latin word "Porta" meaning Gateway.

Port is a connecting link between land and water.

It is a place on the coast where ships start and end their journey.

Here received Cargo is unloaded and the Cargo which is to be exported is loaded. Port provides facilities of export and import.

It is well connected to the interior of the country by a good network of roadways and railways.



Q2. What are the function of WTO?

- Ans. (1) Solve disputes among the countries.
 (2) Provide trade services.
 (3) Deals with the global rules of trade between nations.

Q3. What is international trade? Which are the two types of international trade ? Give one characteristics of each.

Ans. International Trade- The movement of goods and Services from areas of Surplus to deficit area between two countries.

The two types of international trade

1. Bilateral trade- The exchanging of good between two countries.
2. Multilateral trade- The exchange takes place between several countries on regular basis.

Five marks question

Q1. Classify ports on various bases.

Ans. On the basis of Cargo handled

1. Industrial ports
2. Commercial ports
3. Comprehensive

On the basis of location

1. Inland ports
2. Outports

On the basis of specialized functions

1. Oil ports
2. Ports of call
3. Packet stations
4. Entre port
5. Naval ports.