

World trade and its impacts on people's lives 3.2.1.3

ANSWERS

Q1	<i>State whether each one is True or False</i>	
A	After a very productive season farmers regard overproduction as a benefit <i>It's a problem: the price will fall with more produce than the market wants</i>	False
B	The 'market' for a commodity or product is the place/group it is sold to	True
C	Quotas are limits placed by trade blocs or countries on the quantity they will buy	True
D	A commodity is a largely unprocessed raw material/primary agricultural product	True
E	Processing spring water into mineral water is known as aquaculture <i>No, the term refers to (shell)fish or marine plant farming in coastal waters</i>	False

Q2	Match the description to the correct term	
A	A function of competition where they seller can promote a particular benefit or attraction when ranged against a choice of similar items	Comparative advantage
B	A tax put on the exports of foreign countries as their products enter your trade bloc or national economy, making them more expensive	Import tariff
C	The saving that can be made when operating in a larger organisational structure by avoiding duplication and spreading costs	Economy of scale
D	When there are no restrictions on imports or exports, no tariffs or quotas, and the international movement of goods is facilitated	Free trade
E	When cost/price is not the dominant factor in selecting a product or commercial partner, but the welfare of people and/or environment	Ethical trading
		Economy of scale Ethical trading Comparative advantage Free trade Import tariff

Q3	Select whether each situation reflects more <u>benefit</u> for the producer or the consumer as a result of an international trading relationship	Producer	Consumer
A	Items of popular clothing are manufactured in cramped conditions in old buildings that lack key facilities such as air conditioning		✓
B	An agri-business is responding to consumer trends and tells crop workers to stop spraying pesticides onto fruit trees as they go organic	✓	
C	In order to achieve 'most-favoured-nation' trade status, new regulations operate to prohibit child-labour under the age of 16	✓	
D	Many small businesses agree to merge into one combined firm to achieve economies of scale in producing exported wooden furniture		✓
E	A major supermarket chain decides the best comparative advantage it can make against its competitors is to offer more Fairtrade produce	✓	

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Q4	<i>What are the pros and cons of moving towards an ethical trading policy between producers and consumers by a major international distribution firm</i>	
	Pros: Producers	Cons: Producers
	<ul style="list-style-type: none"> • Receive more of the final value paid for the product • Work in improved employment conditions • Expand production by exploiting this comparative advantage 	<ul style="list-style-type: none"> • Price may be raised, reducing sales • May be a niche market – so fewer customers • May be ethical in name, as a marketing ploy, but no additional benefits reach employees
	Pros: Consumers	Cons: Consumers
	<ul style="list-style-type: none"> • Sense of virtue by choosing to buy ethical products • Increase their consumption of the product as a way of increasing the benefits back to producers 	<ul style="list-style-type: none"> • Price rise may put product beyond what they are able to pay • May not have certainty that advertised benefits feed through to producers

Q5	<i>Research either one other food commodity or manufacturing product</i>
<i>Global production locations (and reasons):</i>	
(describes the global pattern of production and explain the evolution of the pattern)	
<i>Global consumption/market locations (and reasons):</i>	
(describes the global pattern of consumption, the key market characteristics and explain pattern)	
<i>Key features of the international trade structure:</i>	
(how production is organised – small, medium, large units? Private or state organisations? TNCs involvement in production, processing, distribution and marketing – or just some of these stages? Are there trade barriers or free trade arrangements?)	
<i>Impact of the trade on those involved in production:</i>	
(positive and negative effects. Are they getting better or worse – and why?)	
<i>Impact of the trade on those who consume it:</i>	
(positive and negative effects. Is demand growing, stagnating or declining?)	