13 Lecture - MGT211

Important Subjective

1. **What are tariffs, and how do they affect international trade?**
   Answer: Tariffs are taxes that governments place on imported goods. They increase the cost of importing goods, which can make them less competitive in the domestic market. This can lead to reduced demand for the imported goods, and can also lead to retaliation from trading partners.

2. **What is a quota, and why might a government use it to restrict international trade?**
   Answer: A quota is a limit on the quantity of a certain good that can be imported into a country. Governments might use a quota to protect domestic industries from competition, to prevent dumping, or to reduce trade deficits.

3. **What are non-tariff barriers to trade, and why might they be used?**
   Answer: Non-tariff barriers to trade are any barriers that restrict trade without using taxes or duties. They can include things like regulations, licensing requirements, and standards. They might be used to protect domestic industries, promote safety and health, or ensure fair trade practices.

4. **What is dumping, and how does it affect international trade?**
   Answer: Dumping is the practice of exporting goods at a price lower than the cost of production. This can lead to unfair competition in the domestic market, and can also lead to retaliation from trading partners.

5. **What are subsidies, and how do they affect international trade?**
   Answer: Subsidies are financial incentives that governments provide to domestic industries. They can help these industries to compete with foreign producers, but can also distort the market and lead to retaliation from trading partners.

6. **How might exchange rate fluctuations affect international trade?**
   Answer: Exchange rate fluctuations can affect the relative prices of goods in different countries, making some goods more or less competitive. They can also affect the profitability of exporting and importing.

7. **What are the potential benefits of free trade agreements?**
   Answer: Free trade agreements can eliminate or reduce trade barriers, making it easier and cheaper for businesses to engage in international trade. This can lead to increased competition, innovation, and economic growth.

8. **What are the potential downsides of free trade agreements?**
   Answer: Free trade agreements can lead to job losses in certain industries, as competition from foreign producers increases. They can also lead to environmental degradation, and can exacerbate income inequality.

9. **What is an embargo, and how does it affect international trade?**
   Answer: An embargo is a ban on trade with a particular country. It can be used to apply political pressure, to enforce sanctions, or to protect national security. Embargoes can significantly

reduce trade between countries, and can lead to economic hardship for the affected parties.

10. **How can governments and businesses work to overcome barriers to international trade?**
Answer: Governments and businesses can work to negotiate free trade agreements, promote fair trade practices, and invest in research and development to improve competitiveness. They can also work to reduce tariffs and other barriers, and to develop alternative supply chains to reduce dependence on certain countries or regions.