

6.3 Business and the international economy

Name: _____ Class: _____ Date: _____ **Total: 19 marks**

KEY WORDS multinational 跨国公司 • tariffs 关税 • globalisation 全球化 • exchange rates 汇率
• import 进口

Objective

Build the skills to answer exam questions on **business and the international economy** 企业与国际经济 — **globalisation** 全球化, **multinational companies** 跨国公司, and how **exchange rates** 汇率 affect trade.

You must be able to:

- define globalisation and explain why it has grown
- describe the benefits and drawbacks of multinationals
- explain how a change in the exchange rate affects importers and exporters

1 Worked examples

■ Exchange rates and trade



SPICED: Strong Pound ⇒ Imports Cheaper, Exports Dearer

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- **Globalisation** 全球化: growing trade and movement of goods, money and people — grown from cheaper transport, the internet, fewer **tariffs** 关税.
- **Multinational** 跨国公司: makes/sells in more than one country — brings jobs and investment, but profits may leave and local firms may be forced out.
- **Stronger currency** → exports dearer, imports cheaper. **Weaker currency** → exports cheaper, imports dearer.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 Define the term *globalisation*. [2]

2.2 Define the term *multinational company*. [2]

2.3 State the effect of a **weaker** currency on the price of exports. [1]

3 Exam-style questions

3.1 Identify two benefits to a country of a multinational company locating there. [2]

3.2 Explain two drawbacks to a country of a multinational company locating there. [6]

3.3 A country’s currency has become stronger. Do you think this is good for a business that exports most of its goods? Justify your answer. [6]
