IGCSE ECONOMICS • EXERCISE SHEET

6.2 Globalisation and trade restrictions

Name: ____________ Class: ________ Date: __________ **Total: 17 marks**

Objective

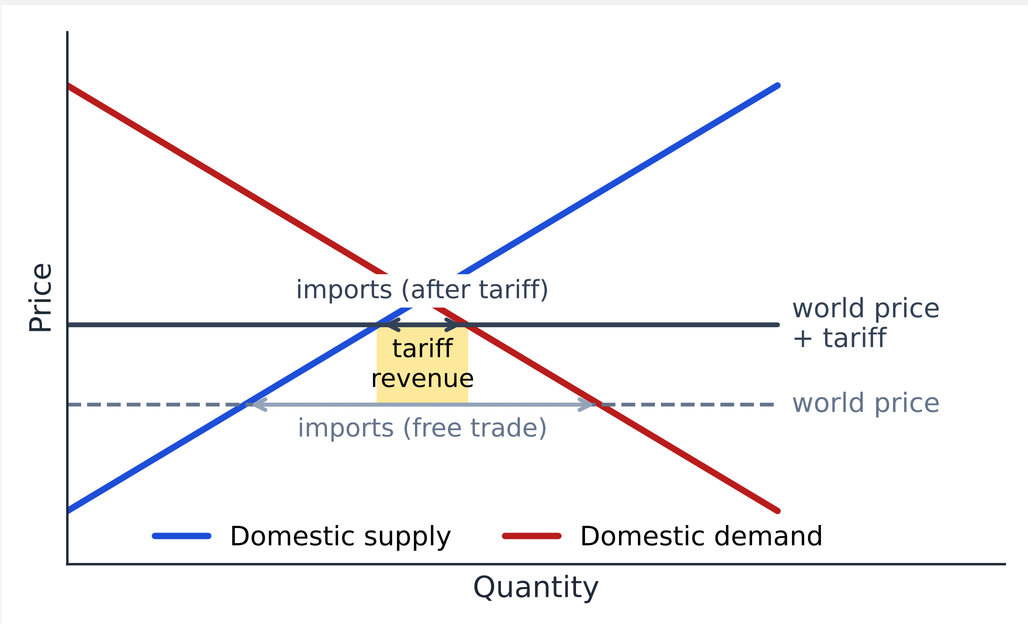
Build the skills to answer exam questions on **globalisation and trade restrictions** 全球化与贸易限制—**globalisation** 全球化, **multinational companies** 跨国公司 (MNCs), and **trade protection** 贸易保护 (**tariff, quota, subsidy, embargo** 关税、配额、补贴、禁运).

You must be able to:

- define globalisation and describe MNCs
- describe the methods and reasons for trade protection
- analyse the effects of a tariff

1 Worked examples

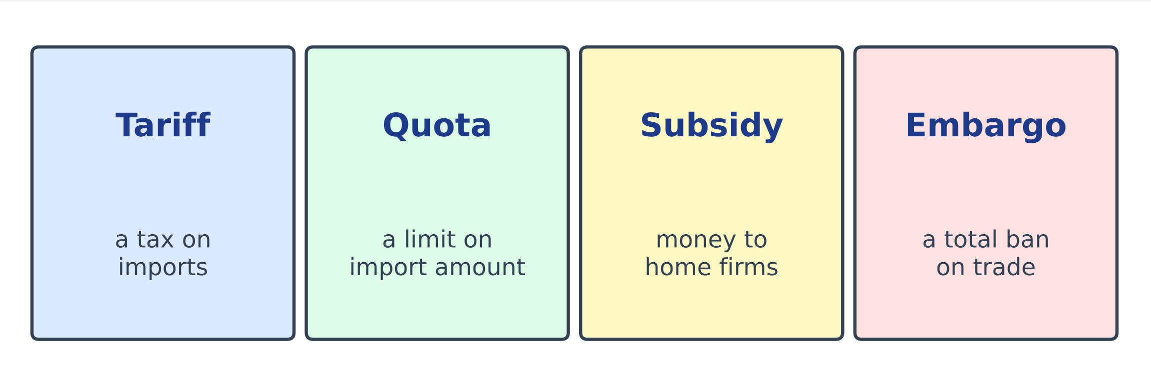
■ Trade protection



Globalisation joins the world's economies more closely

- **Globalisation** 全球化: economies becoming more joined (trade, internet, firms across borders).

- **MNC** 跨国公司: produces in more than one country → brings jobs and investment to the **host country** 东道国, but profits may leave.
- **Protection methods: tariff** 关税 (tax on imports), **quota** 配额 (limit on amount), **subsidy** 补贴, **embargo** 禁运.
- **Reasons:** protect jobs, an **infant industry** 幼稚产业, stop **dumping** 倾销, raise revenue.



The toolkit of protection: tariff, quota, subsidy and embargo —each restricts trade differently

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *tariff*. [2]

2.2 State the difference between a *tariff* and a *quota*. [2]

2.3 Define the term *multinational company (MNC)*. [2]

3 Exam-style questions

3.1 A **quota** is best described as: [1]

- **A** a tax on imports

- **B** a limit on the amount of a good that can be imported
- **C** a payment to domestic firms
- **D** a total ban on trade

3.2 Explain two reasons why a government might use trade protection. [4]

3.3 Discuss whether a country should protect its industries from foreign competition. [8]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **6.2 Globalisation and trade restrictions** past-paper sheet in the Library, or try these in **Practice mode**:

- 0455/12 N25 —Q17 (globalisation / protection)
- 0455/12 N25 —Q30 (trade protection)
- 0455/22 N25 —Q5 (tariffs, structured)

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 a tax on imports, which makes them dearer (2 for a clear definition; 1 for a partial idea).

2.2 a tariff is a tax that raises the price of imports; a quota is a limit on the amount of a good that can be imported (2 for a clear difference; 1 for a partial idea).

2.3 a firm that produces in more than one country (2 for a clear definition; 1 for a partial idea).

3.1 B. A quota limits the amount of imports.

3.2 *[4]* For **each** of two reasons: K 1 + An 1 —*protect jobs / an infant industry*: barriers keep out cheaper imports → home firms survive and jobs are saved while a new industry grows; *stop dumping*: a tariff raises the price of goods sold below cost → it protects local firms from being destroyed.

3.3 *[8]* K/App/An up to 5 + Ev up to 3. **For protection:** it protects jobs and infant industries, prevents dumping, and raises tariff revenue. **Against:** prices rise and choice falls for consumers, protected firms stay weak and lazy, and other countries may retaliate (a trade war that harms exporters). **Judgement (Ev):** limited, temporary protection of a genuine infant industry can be justified, but broad long-term protection usually lowers living standards —so it depends on the industry and the risk of retaliation.