



Lesson 9. Trade

“The merchant has no country” – Thomas Jefferson (1743–1826), Principal author of the Declaration of Independence

- A** Think of some of the things you own (for example shoes, TV, car). Which are imported? Where are they made?
- B** Name some global companies. What kind of business are they?
- C** What is globalization?
- D** Discuss the statements. Do you agree or disagree?
 1. Globalization damages local goods, services and cultures.
 2. Globalization increases competition among companies.
 3. Globalization raises people’s living standards.
 4. Globalization improves international communication and understanding.

VOCABULARY

Free trade



A

9. 1 Listen to the first part of a radio interview with Ian McPherson, an expert on international trade. Complete the definition of free trade he gives.

It's a situation in which goods come into and out of a country without any _____ (1) or _____ (2). Countries which truly believe in free trade try to _____ (3) their trade, that's to say, they take away _____ (4) to trade. They have open _____ (5) and few controls of goods at _____ (6)



B

9. 2 Listen to the second part of the radio interview. Note down five things which stop people trading freely. Explain briefly the meaning of each one.

For example:

1. Tariffs. These are taxes on imported goods.



C 9. 3 Listen to the third part of the radio interview and do the exercises.

1. When there is a policy of deregulation.

- a) companies compete freely
- b) there are a lot of government controls
- c) companies must follow deregulations.

2. According to Ian McPherson, what is the greatest benefit of free trade? Choose the best answer.

- a) more choice of products
- b) better made products
- c) more expensive products.
- d) higher salaries
- e) a wider choice of jobs.

3. Complete this sentence.

Some countries do not practice free trade because they wish to:

- Fight against _____ (1) competition, for example, dumping;

Lesson 9. Trade

- protect their _____ (2) industries, because they are important to the economy;
- be less _____ (3) on foreign imports, because their economies need developing.

4. What trend in international trade does Ian McPherson mention? Why does he think the trend is a good one?

D Discuss these questions:

1. To what extent do you have free trade in your country?
2. Should certain industries in your country be protected? If so, which ones?
3. Is free trade always a good thing, in your opinion?



Lesson 9. Trade

E Use the words and phrases in the box to complete the table. Use a good dictionary to help you.

barriers open borders free port developing industries dumping
tariffs strategic industries restrictions quotas laissez-faire
liberalize customs deregulation subsidize regulations

Open Markets
(Trade without restrictions on the movement of goods)

open borders

Protected Markets
(Trade with restrictions on the movement of goods, for example, import taxes)

barriers

Lesson 9. Trade

F Match the sentence halves.

1. We're trying to break into
 2. You should carry out
 3. If you would like to place
 4. If you can't meet
 5. They've quoted
 6. Let us know if you want us to arrange
 7. It's essential to comply with
- a) all regulations if you want the delivery to go through without problems.
 - b) the delivery date, let us know as soon as possible.
 - c) insurance cover for the shipment
 - d) a market survey before you make a major investment
 - e) the Japanese market
 - f) an order, press one now
 - g) use a very good price for the consignment

G Find verb + noun partnerships in the sentences above. For example, to break into a market. Which of them is normally done by:

1. Supplier
2. buyer
3. both the supplier and the buyer

READING

Fair trade

A Before you read the article, answer these questions.

1. Which countries traditionally export: a) bananas b) coffee c) sugar
2. What typical problems do these exporters face when selling abroad?

B Read the article and answer these questions.

1. What does the article say about :
 - a. Denies Sutherland
 - b. Juan Valverde Sanchez
 - c. Nicaraguan farmers?
 - d. Sainsbury's, Starbucks and Carrefour?
 - e. The World Trade Organization (WTO)?
2. What do these numbers from the article refer to?

a) \$500m b) 400 c) 500,000 d) 36 e) 25

Lesson 9. Trade

3. Why are Denise and Juan having problems selling their product?
4. What are the benefits to local producers of fair trade?
5. How did fair trade begin?

C Choose the word a), b) or c) that is the odd one out in each group and matches the definitions.

1. state of continuing to live or exist
a. ruin b. bankruptcy c. survival
2. slowly bringing to an end
a. phase out b. lead c. dominate
3. to make sure people know about a new product
a. prohibit b. ban c. promote
4. an official limit on quantity
a. tariff b. quota c. subsidy
5. people or companies that make or grow goods, food, materials
a. consumers b. clients c. producers
6. all the people who buy a particular product or use a particular service
a. product b. niche c. commodity

Lesson 9. Trade

7. very successful

a. falling

b. declining

c. booming

8. The situation of being poor

a. prosperity

b. poverty

c. wealth

UK develops taste for fair trade

The UK has a taste for guilt-free food – sales are growing by 100% a year.

Along with tens of thousands of other banana growers in the Windward Islands, Denise Sutherland faces ruin. The World Trade Organisation (WTO) has forced the European Union to phase out its old quota system that guaranteed West Indian growers market access, and there's no way she can match the prices of the giant US corporations that dominate the market for the world's favourite fruit.

In Costa Rica, Juan Valverde Sanchez, a sugar cane grower who sells to a local farmers' association, is unsure if he and his colleagues will survive another year. Most of the world's sugar producers cannot break into the European or US markets because of high tariffs and the heavy subsidies that western farmers enjoy.

But there is now hope for Denise and Juan – they are selling some or all of their produce to the growing 'fair trade' market

that protects them from depressed world commodity markets and the price wars between giant multinationals.

For its supporters, fair trade is an example of how world trade can and should be run to tackle poverty. Producers are all small scale and must be part of a cooperative or democratically-run association of workers who observe high social and environmental standards.

Their groups deal directly with first-world companies that pay well over the world market price. They also get an added premium, which goes directly to the group of farmers to be shared out in any way they choose.

The price difference can be as much as 100% and can save a farmer from bankruptcy or mean a family has the money to send their children to school.

At the other end of the chain, the first-world consumer pays about a

penny extra for a cup of coffee or teaspoon of sugar, or a few pence more for a banana.

Fair-trade food is booming. What started as a way for Dutch consumers to support Nicaraguan farmers in the 60s has grown into a \$500m a year global niche market with more than 400 northern companies now importing fruit, coffee, tea, bananas, nuts, orange juice and other foods.

Around 500,000 small-scale farmers and their families are thought to be benefiting in 36 of the world's poorest countries, and the latest figures suggest it is worth \$40m extra to producers. Meanwhile, demand for other 'fairly traded' but unlabelled non-food goods, such as handicrafts and textiles, is also growing.

Fair trade food sales are growing by more than 25% a year internationally and almost 100% a year in Britain, now the largest

market after Switzerland. This market is one of the most remarkable consumer success stories of the past decade, promoted quietly in Britain, and now attracting multinationals such as Sainsbury's, Starbucks and Carrefour.

It is ironic, though, that fair trade, which was designed to reduce the injustices of the world trading system, could itself become a victim of the WTO. Technically, it could be banned because WTO rules prohibit 'differentiation' between products on the basis of their means of production.

In the meantime, fair trade shows that charity is not needed to lift people out of poverty and that social and environmental standards can be put into trade.

From *The Guardian*

Lesson 9. Trade

D What do the remaining two words in questions 1 to 8 in exercise C have in common? Use a good dictionary to help you.

E Discuss these questions

1. Do you buy fair trade goods? Why? Why not?
2. What local producers in your country could benefit from the growth of fair trade?
3. “We should not support fair trade because it subsidizes small, inefficient producers.” Do you agree with the statement?

Lesson 9. Trade

- ▶ Read the following text and discuss <https://www.americanexpress.com/en-us/business/trends-and-insights/articles/advantages-international-trade/>



- ▶ Advantages of International Trade

*Reference:
Market Leader
new edition.*