

# International Trade Vocabulary

Match the term to its correct definition in each section of this worksheet. Write the letter of the correct definition next to the number of each term.

*The terms in each section match only the definitions in each section.*

## TERM

## DEFINITION

### Section 1

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\_\_\_\_\_ 1. Voluntary export restraint

\_\_\_\_\_ 2. Ad valorem tariff

\_\_\_\_\_ 3. Tariff

\_\_\_\_\_ 4. Specific tariff

\_\_\_\_\_ 5. Comparative advantage

\_\_\_\_\_ 6. Import quota

- A. Countries that can produce a good more efficiently and cost-effectively have an advantage for that good compared to other countries.
- B. A tax levied when a good is imported.
- C. A fixed charge for each unit of goods imported (e.g., \$3 per barrel of oil).
- D. A charge levied as a fraction of the value of the imported good (e.g., 25% on imported trucks).
- E. Limits the quantity of a good that can be imported, which raises the domestic price of the imported good.
- F. Limits on exports usually imposed by the exporting country at the importing country's request. This is more costly to the importing country than a tariff that limits imports by the same amount.

## Section 2

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- \_\_\_\_\_ 7. National procurement      G. Payment to a firm or individual that ships a good abroad. This subsidy can either be fixed or ad valorem.
- \_\_\_\_\_ 8. Export subsidy                      H. Similar to an export subsidy except that it takes the form of a subsidized loan to the buyer.
- \_\_\_\_\_ 9. Currency appreciation              I. Purchases by the government, or strongly regulated firms, directed toward domestically produced goods even when these goods are more expensive than imports.
- \_\_\_\_\_ 10. Currency depreciation
- \_\_\_\_\_ 11. Exchange rate                      J. Restricting imports through normal health, safety, and custom procedures so as to place substantial obstacles in the way of trade.
- \_\_\_\_\_ 12. Export credit subsidy              K. The price of one currency in the terms of another.
- \_\_\_\_\_ 13. Red-tape barriers                      L. Happens when a lower amount of another currency is able to exchange for one unit of a domestic currency. A drop of exchange rates of 0.8 pounds per dollar to 0.6 pounds per dollar is a drop in the value of the dollar.
- \_\_\_\_\_    M. When a higher amount of another currency is able to exchange for another unit of domestic currency. An increase in exchange rates of 0.6 pound per dollar to 0.8 pounds per dollar is an increase in the value of the dollar.

## Section 3

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- \_\_\_\_\_ 14. World Trade Organization (WTO)      N. An agreement established in 1947, and last ratified in 1994, between 23 countries on a set of rules for trade between them.
- \_\_\_\_\_ 15. General Agreement on Tariffs and Trade (GATT)      O. An organization established in 1995 to promote fair trade among its members. It uses a system of trading rules to resolve trading disputes. When a country has been found to be in violation, most often the offending country changes its trade policy to come into conformance.
- \_\_\_\_\_ 16. European Union (EU)
- \_\_\_\_\_ 17. North American Free Trade Agreement (NAFTA)      P. An agreement established in 1993 between Canada, the United States, and Mexico on a set of rules for trade between them.
- \_\_\_\_\_    Q. An organization of 15 European countries that have agreed to remove all tariffs with respect to each other and form one export subsidy program known as the Common Agricultural Policy.