

Study Guide Score . . . 27 Name \_\_\_\_\_

Deduct. . . . . Date \_\_\_\_\_ Class \_\_\_\_\_

Your Score . . . . .



# International Business

## STUDY GUIDE

### PART I

*Directions:* Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. Trade among nations allows each to take advantage of its area of specialization. . . . .	_____	_____	1. _____
2. Usually all the goods sold in a community are produced in that community. . . . .	_____	_____	2. _____
3. Because of its many natural resources, the United States can provide for all of the wants and needs of its people. . . . .	_____	_____	3. _____
4. Consumers can purchase goods at a lower price because states and regions specialize. . . . .	_____	_____	4. _____
5. Consumers want many goods that are not produced in this country. . . . .	_____	_____	5. _____
6. The goods and services we sell to other countries are called exports. . . . .	_____	_____	6. _____
7. The exchange rate is the value of the money of one country expressed in terms of the value of the money of another country. . . . .	_____	_____	7. _____
8. Foreign currency exchange is handled through currency exchange markets. . . . .	_____	_____	8. _____
9. A tariff encourages trade among nations. . . . .	_____	_____	9. _____
10. A quota restricts the amount of money that may be taken into a foreign country. . . . .	_____	_____	10. _____

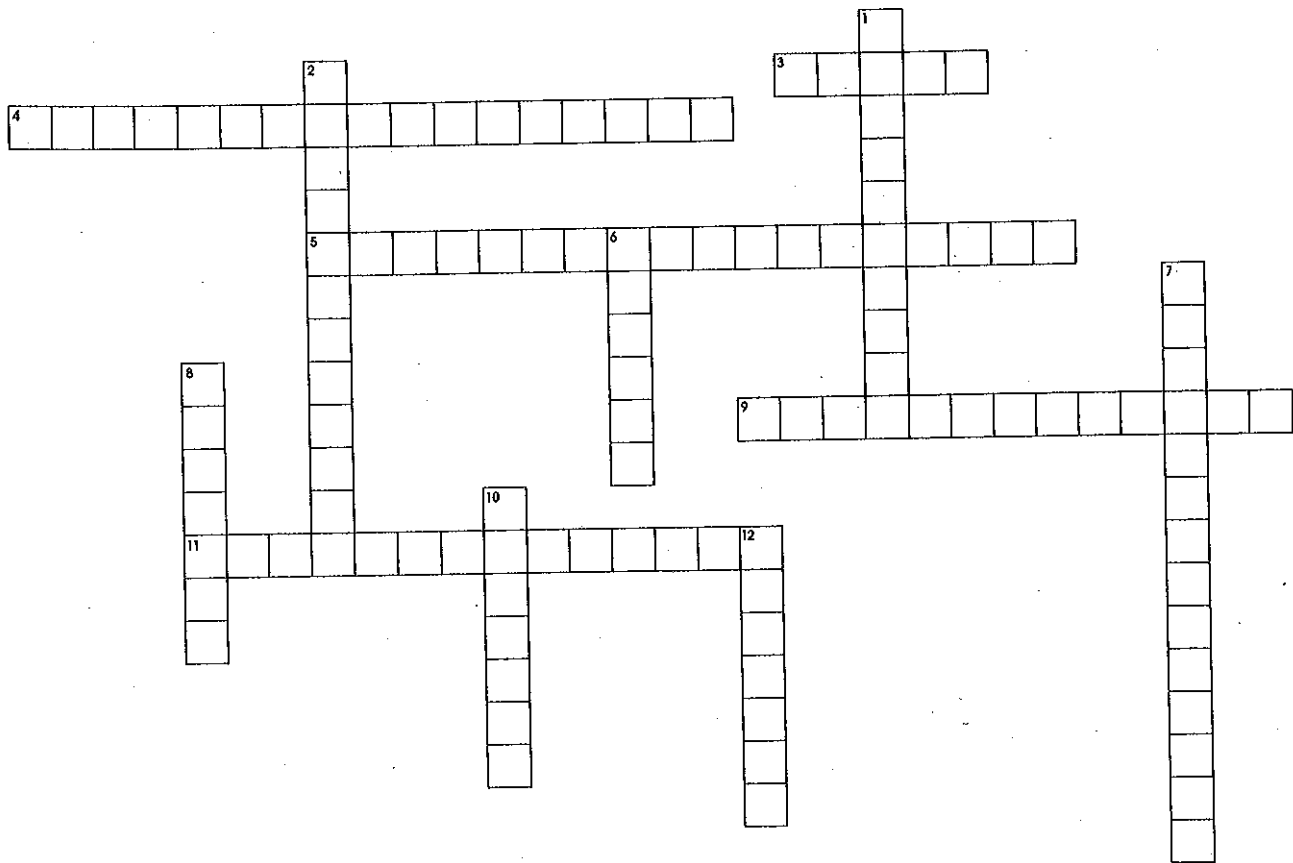
### PART II

*Directions:* Indicate your answer to each of the following questions by placing a check mark on the line under *yes* or *no* at the right.

	YES	NO	For Scoring
1. Is trade with other countries called domestic trade? . . . . .	_____	_____	1. _____
2. Is trade among different states in the United States called foreign trade? . . . . .	_____	_____	2. _____
3. Does the foreign exchange market consist of banks that buy and sell different currencies? . . . . .	_____	_____	3. _____
4. Do embargoes promote trade among nations? . . . . .	_____	_____	4. _____
5. When a U.S. business buys coffee from a firm in Brazil, is the purchase price usually paid in Brazil's currency? . . . . .	_____	_____	5. _____

### PART III

*Directions:* The crossword puzzle below contains terms from Chapter 10. Study the definitions and write the terms in the appropriate spaces in the puzzle. There are no spaces between words in a term of two or more words.



#### *Across*

3. A limit on the quantity of a product that may be imported or exported within a given period of time.
4. The difference between the total amount of money that flows into a country and the money that flows out of a country for investments, tourism, and nontrade items.
5. Trade among different countries.
9. The buying and selling of goods and services among people and businesses within the same country.
11. The value of the money of one country expressed in terms of the value of the money of another country.

#### *Down*

1. Trade among different countries.
2. Another term for trade among different countries.
6. A tax that a government places on certain imported products.
7. The difference between a country's total exports and total imports of merchandise.
8. Goods and services bought from another country.
10. Goods and services sold to another country.
12. Stopping the importing or exporting of a certain product or service.

**ACTIVITIES****Applying Thinking and Information Skills**

The United States has one of the largest and richest consumer markets in the world. Our consumers buy an enormous amount of goods, including merchandise imported from other countries. The United States has incurred a merchandise trade deficit for many years. In a recent year, the deficit amounted to over \$434 billion.

The table below shows U.S. exports to and imports from 14 international trading partners. Figure the U.S. merchandise trade balance for each one and then answer the questions that follow.

**U.S. INTERNATIONAL TRADE WITH SELECTED COUNTRIES (RECENT YEAR)**  
(in millions of dollars)

Country	Exports To	Imports From	Trade Balance	
			Surplus	Deficit
Australia	\$ 12,460	\$ 6,439	_____	_____
Belgium	13,960	9,931	_____	_____
Brazil	15,360	13,855	_____	_____
Canada	178,786	229,209	_____	_____
France	20,253	29,782	_____	_____
Germany	29,244	58,737	_____	_____
Hungary	569	2,716	_____	_____
Italy	11,000	25,050	_____	_____
Japan	65,254	146,577	_____	_____
Mexico	111,721	135,911	_____	_____
Saudi Arabia	6,230	14,219	_____	_____
Sweden	4,557	9,603	_____	_____
United Kingdom	41,579	43,459	_____	_____
Zimbabwe	53	112	_____	_____

(Source: *Statistical Abstract of the United States, 2001.*)

1. With how many countries did the U.S. have a deficit? \_\_\_\_\_
2. With how many countries did the U.S. have a surplus? \_\_\_\_\_
3. With which country did the U.S. incur the largest deficit? \_\_\_\_\_  
the next largest? \_\_\_\_\_
4. With which country did the U.S. incur the largest surplus? \_\_\_\_\_  
the next largest? \_\_\_\_\_
5. To which country did the U.S. export the largest total of merchandise? \_\_\_\_\_  
the next largest? \_\_\_\_\_
6. From which country did the U.S. import the largest total of merchandise? \_\_\_\_\_  
the next largest? \_\_\_\_\_

### Applying Information and Math Skills

In a recent year, U.S. citizens who traveled internationally paid the prices shown below in the currency of the country for hotels, lunches, and coffee. Use the currency exchange rates in Figure 10-3 in the textbook, to figure what travelers would pay in U.S. dollars for each item in each city. Then answer the questions that follow.

City, Country	Currency	Cost in Country's Currency		
		Hotel	Lunch	Cup of Coffee
Toronto, Canada	Canadian dollar	110	41	2
Seoul, South Korea	won	223,150	19,875	4,900
Frankfurt, Germany	euro	252	18	3
London, England	pound	138	8	2
Tokyo, Japan	yen	24,559	2,252	579

(\*medium-priced hotel for one night)

Cost in U.S. dollars:

Toronto, Canada: Hotel \_\_\_\_\_  
 Lunch \_\_\_\_\_  
 Coffee \_\_\_\_\_

Seoul, South Korea: Hotel \_\_\_\_\_  
 Lunch \_\_\_\_\_  
 Coffee \_\_\_\_\_

Frankfurt, Germany: Hotel \_\_\_\_\_  
 Lunch \_\_\_\_\_  
 Coffee \_\_\_\_\_

London, England: Hotel \_\_\_\_\_  
 Lunch \_\_\_\_\_  
 Coffee \_\_\_\_\_

Tokyo, Japan: Hotel \_\_\_\_\_  
 Lunch \_\_\_\_\_  
 Coffee \_\_\_\_\_

- In which city would you pay the lowest hotel room rate? \_\_\_\_\_  
 In which city would the hotel room rate be highest? \_\_\_\_\_
- In which city would you be able to have the lowest cost lunch? \_\_\_\_\_  
 In which city would lunch cost the most? \_\_\_\_\_
- In which city could you pay the lowest price for a cup of coffee? \_\_\_\_\_  
 In which city would coffee be the most costly? \_\_\_\_\_
- If you were on a limited budget, to which country outside of the North American continent would you go based on the above prices? \_\_\_\_\_