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200 LEVEL.

WORLD TRADE AND NATURAL RESOURCES II (TEM 204).

ASSIGNMENT.

1. Critically examine the scope and concept of international trade.
2. Appraise the importance of international trade toward tourism development.

ANSWERS.

- 1) International trade is referred to as the exchange or trade of goods and services between two or more different countries . This kind of trade contributes and increases the world economy. International trade has increased exceptionally that includes services such as foreign transportation, travel and tourism, banking, warehousing, communication, advertising, and distribution and advertising. Other equally important developments are the increase in foreign investments and production of foreign goods and services in an international country. This foreign investments and production will help companies to come closer to their international customers and therefore serve them with goods and services at a very low rate. The most commonly traded commodities are television sets, clothes, machinery, capital goods, food, and raw material, etc.,

Reasons for Trade :

1: Differences in Technology

Trade can occur between countries if the countries differ in their technological abilities to produce goods and services. Technology refers to the techniques used to turn resources (labor, capital, land) into outputs (goods and services).

2: Differences in Resource Endowments

Trade can occur between countries if the countries differ in their endowments of resources. Resource endowments refer to the skills and abilities of a country's workforce, the natural resources available within its borders (minerals, farmland, etc.), and the sophistication of its capital stock (machinery, infrastructure, communications systems).

3: Differences in Demand

Trade can occur between countries if demands or preferences differ between countries. Individuals in different countries may have different preferences or demands for various products. For example, the Chinese are likely to demand more rice than Americans, even if consumers face the same price. Canadians may demand more beer, the Dutch more wooden shoes, and the Japanese more fish than Americans would, even if they all faced the same prices.

4: Existence of Economies of Scale in Production

The existence of economies of scale in production is sufficient to generate advantageous trade between two countries. Economies of scale refer to a production process in which production costs fall as the scale of production rises. This feature of production is also known as "increasing returns to scale."

5: Existence of Government Policies

Government tax and subsidy programs alter the prices charged for goods and services. These changes can be sufficient to generate advantages in production of certain products. In these circumstances, advantageous trade may arise solely due to differences in government policies across countries.

- 2) Let us use United Arab Emirates as a case study. The UAE is one of the most popular tourist destinations in the world, especially Dubai and Abu Dhabi. From being a small backwaters country, with fishing villages like Dubai, it has now become one of the most influential countries of Asia. Dubai has lured tourists based mainly on shopping, but also on its possession of other ancient and modern attractions. Dubai's resources has attracted tourists in order to have a taste or a feel of their resources.