



● **free trade** N-UNCOUNT

Free trade is a system which allows certain countries to buy and sell goods from each other without any financial restrictions such as taxes.

The proposed free trade agreement between the US and Mexico came under fire today from environmentalists.

The two presidents want to replace the suspicions of the past with a new commercial relationship based on free trade.

● **export (exports)** N-COUNT

import (imports) N-COUNT

visible export/import (visible exports/imports)

N-COUNT

invisible export/import (invisible exports/imports) N-COUNT

Exports are goods which are sold to another country and sent there. **Imports** are products or raw materials bought from another country for use in your own country. Trade in goods such as food, raw materials, and manufactured goods is known as **visible exports** and **visible imports**. Trade in services such as banking, insurance, and tourism is known as **invisible exports** and **invisible imports**.

According to the September estimates, exports rose by 18%.

British video games have always been big in the US, but this year's imports have done particularly well.

In the UK visible imports have traditionally been greater than visible exports.

Tourism is Britain's single biggest invisible export.

Common Collocations

a ban on imports imports/exports increase
imports/exports decrease

● **balance of payments** (balances of payments) N-COUNT

A country's **balance of payments** is the difference, over a period of time, between the payments it makes to other countries for imports and the payments it receives from other countries for exports.

Britain's balance of payments deficit has improved slightly.

● **trade deficit** (trade deficits) N-COUNT

trade surplus (trade surpluses) N-COUNT

If a country has a **trade deficit**, the value of the goods it imports is greater than the value of the goods it exports. If a country has a **trade surplus**, it exports more than it imports.

America's trade deficit grew sharply in February, widening to \$13.9 billion from a revised \$11.4 billion in January.

The country's trade surplus widened to 16.5 billion dollars.

● **exchange rate** (exchange rates) N-COUNT

The **exchange rate** of a country's unit of currency is the amount of another country's currency that you get in exchange for it.

The continuing strong performance by Scotland's exporters, despite the relatively high exchange rate, is very good news.

● **protectionism** N-UNCOUNT

Protectionism is the policy some countries have of helping their own industries by putting a large tax on imported goods or by restricting imports in some other way.

The aim of the current round of talks is to promote free trade and to avert the threat of increasing protectionism.

● **tariff (tariffs)** N-COUNT

A **tariff** is a tax that a government collects on goods coming into a country.

Each exporting country has an incentive to subsidize exports even when the importing country levies an import tariff.

● **customs duty** (customs duties) N-VAR

Customs duties are taxes that people pay for importing and exporting goods.

Foreign investors can now import and export goods without paying customs duties.

Customs duty on cotton is being removed to ensure cheaper availability of raw material.

● **quota (quotas)** N-COUNT

A **quota** of something is an official limit on the minimum or maximum number of them that is allowed.

At present, farmers are given a set quota of sheep to produce in return for a subsidy under the common agricultural policy.

Sometimes it's cod we're throwing back into the water because we can't exceed our quota, other times it's plaice or haddock.

● **domestic market** (domestic markets) N-COUNT

A **domestic market** is the market which exists within a particular country.

More of us are holidaying at home too – Mr Davern said the domestic market was worth 24 per cent of tourism earnings.

● **open market** N-SING

Goods that are bought and sold on the **open market** are advertised and sold to anyone who wants to buy them.

The Central Bank is authorized to sell government bonds on the open market.

● **World Trade Organization** N-PROPER

WTO ABBREVIATION

The **World Trade Organization** is an international organization that encourages and regulates trade between its member states. The abbreviation **WTO** is also used.

... institutions such as the World Bank and the World Trade Organization.

In 1998 the WTO agreed with the US that Europe was going against WTO rules of free trade.

➔ **USP: Topic 9.4**



PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

free trade protectionism tariffs customs duties quotas imports exports exchange rates

The WTO was set up in 1995 to encourage free trade in the global marketplace. It is therefore designed to resist _____ . No new barriers to trade can be set up, and governments cannot set new _____ or _____ or increase ones that already exist as these are really taxes that prevent _____ . Similarly the WTO opposes the use of _____ since these limit the amount of _____ coming into a country. This may protect a country's industry in the short term, but if its trading partners reply with similar measures, then _____ will suffer. The WTO governs trade in many products and raw materials, but the world of finance is largely outside of its scope, therefore it has no control over _____ .

2 Circle the terms below which encourage the movement of goods across borders.

favourable exchange rates customs duties WTO tariffs import quotas protectionism free trade agreements

3 Match each headword on the left with a set of examples on the right.

- | | |
|-------------------|---|
| a imports | i taxes, tariffs, quotas on imported goods |
| b free trade | ii wheat, oil, tobacco being brought into the country |
| c domestic market | iii no taxes, restrictions or quotas on imports |
| d exports | iv rice, chocolate, wool being sent abroad |
| e open market | v customers in the same country |
| f exchange rates | vi products available to anyone willing to buy |
| g protectionism | vii £1.00 = \$2.50 |

4 Look at the list of a country's imports. Which are visible and which are invisible?

bananas oil cars insurance tourism processed food rice

Visible	Invisible

5 Look at these figures describing the trade between three states and decide whether the statements which follow are true or false.

ALAND		BELAND	
exports to Beland	£100M	exports to Aland	£75M
imports from Beland	£75M	imports from Aland	£100M
exports to Celand	£150M	exports to Celand	£55M
imports from Celand	£50M	imports from Celand	£75M

- a Beland has got a trade deficit with Aland.
- b Celand has got a positive balance of payments with Aland.
- c Celand has got a trade surplus with Beland.
- d Aland has got the best balance of payments figures.
- e Beland has got the worst balance of payments figures.

- | | |
|--------------------------|--------------------------|
| True | False |
| <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> |
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