

dominated by the developed countries.

OPEC: This organisation was formed in 1960 to safeguard the interests of petroleum-exporting countries. Thirteen countries are its members. These are Algeria, Ecuador, Gabon, Indonesia, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela. This organisation decides policies regarding crude oil prices. Vienna (Austria) is the headquarters of OPEC.

SAARC: South Asian Association for regional cooperation. This association has been formed by the South Asian countries. India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka and Maldives are its members. Its primary objective is to increase trade among the member nations. Strained relations between India and Pakistan have adversely affected the SAARC Movement.

SAFTA: South Asian Free Trade Agreement. It was formed in January, 2006 with the intention of reducing tariffs on interregional trade. Bangladesh, Maldives, Bhutan, Nepal, India, Pakistan and Sri Lanka are its members.

10. Write the Ports as gateways of international trade.

Ans. The word 'port' is derived from the Latin word 'porta' which means door or gateway. Thus, a port is essentially a connecting link between land and water or rather, a gateway from land to sea or from sea to land. It is a place on the coast where ships start or end their voyage. It is the point where cargo received from foreign countries is sent to the interior of the country and cargo received from the interior of the country is exported to foreign lands. A port, thus, acts as the gateway of international trade.

11. Write the types of ports.

Ans. There are certain ports which handle cargo while other ports perform some specialised functions.

#### Types of Ports according to cargo handled

(i) Industrial Ports. These ports specialise in bulk cargo - like grains, sugar, oil, chemicals and similar materials.

9. Describe the organisation.

Ans ASEAN: Association of South East Asian Nations. This association was formed in August, 1967 with Indonesia, Malaysia, Thailand, Philippines, Brunei, Vietnam and Singapore as its active members. ASEAN helps its members by presenting a joint negotiating stance when dealing with Japan, EU and Australia and New Zealand. Commodities traded are agro-products (rubber, palm oil, rice, copra, coffee) minerals (Copper, Coal, nickel, Tungsten), energy (petroleum and natural gas) and software products. Its headquarters are at Jakarta (Capital of Indonesia).

CIS: Commonwealth of Independent States. It was set up at Minsk in Belarus after the disintegration of the former USSR with the aim of integration and cooperation in matters of economic, defence and foreign policy. Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan are its members. The chief commodities traded are crude oil, natural gas, gold, cotton, fibre, aluminium etc.

(iii) Climate. Climate influences the plant and vegetation life of an area and has a deep impact on the normal life of the people. Variations in the climatic conditions lead to diversity of commodities produced in different areas. For example, rice, rubber, bananas etc. can grow in hot climate of the tropical lands whereas wheat and wool are produced in cool areas of the temperate region.

7. Write the types of international trade.

Ans International trade is of the following two types:

(i) Bilateral Trade. Bilateral trade is the exchange of commodities between two countries. This type of trade develops in special circumstances when the economies of the concerned countries are complementary to each other.

(ii) Multilateral Trade. This type of trade involves exchange of goods and services among a number of countries.

8. What is Dumping?

Ans Most The practice of selling a commodity in two countries at a price that differs for reasons not related to costs is called dumping.

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Such objects included jinstones, obsidian, cowrie shells, tiger's paws, whale's teeth, dog's teeth, Skene, fur, cattle, rice, pepper, wax, salt, small tools, copper, silver and gold.

4. What is Salary?

Ans The word salary is derived from the Latin word Salarium which means payment by salt. Producing salt from sea was unknown during those days and the only salt available was the rock salt. This was a rare and costly commodity as a result of which it came to be used as a mode of payment.

5. Write the History of international trade.

Ans In early days, trade was confined only to local markets because transporting goods over long distances was always a risky affair. Only the rich people could afford to purchase jewellery, costly dresses etc. This led to a limited trade in luxury items. One of the earliest land trade routes was the 6000 km long silk route connecting Rome to China. European Colonialism started in the fifteenth century and spread almost throughout the tropical lands. This led to a new form of

## 9 International Trade

1. What is Trade and difference between national and International Trade?

Ans Trade, voluntary exchange of goods and services is known as trade.

National Trade. National trade is the exchange of goods and services from one part of a country to the other.

International Trade. International Trade is the exchange of goods and services among different countries across the national boundaries.

2. What is Barter system?

Ans In early days, there was no currency and people used to exchange their products. This exchange of goods without involving currency is known as barter system.

3. Write the introduction of currency and end of barter system.

Ans Barter system had its inherent problems because only those products were exchanged which were needed in everyday life that were not available to a particular tribe.

New Zealand and the scattered Pacific islands. This route is also used for reaching Hong Kong, Philippines and Indonesia. Goods transported are mostly wheat, meat, wool, fruits, Philippines-bird dairy-products and manufactured articles.

(viii) The Panama Canal. This canal has been constructed across the isthmus of Panama, lying between the continents of North and South America, it connects the two great oceans - the Pacific in the west and Atlantic in the east. The construction of the canal started in 1906 and it was opened for ships on 15<sup>th</sup> August, 1914. This canal is 81 km long, 91 to 306 metres wide and 12.5 to 26 metres deep.

4. What is Inland waterways?

Ans. Rivers, canals and lakes are the main medium of inland waterways. These were very important means of transport in old days but they have lost much of their significance with the advent of roadways and railways.

maximum width is 365 metres. European countries, especially Britain, are the main beneficiaries from the Canal. On the eastern side, the countries of Africa, Asia as well as Australia and New Zealand are taking advantage of this Canal. The main cargo from the western countries consists of machinery, machinery parts, fertilisers, oil seeds, edible oil, medicines and cloth while the eastern countries food grains, jute, silk, tea, wool, coconut, petroleum, metals and ores, rubber, spices etc. are transported.

(iv) The Cape of Good Hope Route. This route was once the subsidiary alternative to the Suez Canal route. It was avoided by most shipping companies because it avoided long and circuitous journey, for example this route is 6,400 km longer between Liverpool and Colombo as compared to the Suez Canal route. It provides link between Western Europe and West African countries, South Africa, Southeast Asia, Australia and New Zealand.

transportation is much lower. water transport can be divided into two groups:

- 1. Ocean Routes.
- 2. Inland waterways.

### Ocean Routes

Oceans provide cheaper and easier mode of transportation due to its following advantages.

- (i) Although the initial cost is much higher for providing ports and ships, the ocean routes do not require any maintenance.
- (ii) The oceans offer a free highway traversable in all directions.

Shows the major ocean routes of the world. Following are some important ocean routes.

- (i) The North Atlantic Route
- (ii) The Mediterranean and the Indian Ocean Route
- (iii) The Suez Canal
- (iv) The Cape of Good Hope Route
- (v) The South Atlantic Route
- (vi) The North Pacific Route
- (vii) The South Pacific Route
- (viii) The Panama Canal.

(i) North Atlantic Route:- This is most important and busiest ocean route of the world. It connects world's two most advanced areas of eastern United States and western Europe. Both coasts have good port and harbour facilities. Nearly 28 of world's 55 major ports are located on the two ends of this route. Major ports on the North American side are New York, Montreal, Quebec, Halifax, Boston, St. John, Philadelphia, Portland, Baltimore, etc.

(ii) The Mediterranean and the Indian Ocean Route. This route connected the developed countries of Europe in the west with the developing countries of East Africa, South Asia and South East Asia through the Mediterranean Sea, the Red Sea, and the Indian Ocean.

(iii) The Suez Canal Route. Suez canal is one of the greatest achievements of man in the field of transportation and navigation. It connects Mediterranean Sea with Red Sea. The construction work of this canal was started in 1854 by a French engineer Ferdinand de Lesseps and was completed in 1869. This canal is 162 km long. Its average depth is 16.15 metres and its

(vi) The South Atlantic Route. This route provides trade link between the west Europe and west American countries and parts of Brazil, Argentina and Uruguay in South America. The traffic on this route is much less as compared to that on the North Atlantic route, because it connects regions of sparse population and limited economic development. Only south eastern Brazil, the Plata estuary and parts of South Africa have large-scale industrial development.

(vii) The North Pacific Route. Trade across the vast north pacific ocean goes by several routes which converge at Honolulu, 'the cross-roads of the pacific' for refuelling and servicing. The ocean terminals that serve the North pacific route include Vancouver, Seattle, Portland, San Francisco and Los Angeles on the American side, dealing with wheat, timber, paper and pump, fish, dairy products and manufactured goods.

(viii) The South pacific Route. The traffic on this route consist mainly of ships travelling via the Panama Canal between either western Europe or North America and Australia.

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5. Write the necessary conditions for Development of Inland waterways.

Ans (i) Rivers should have sufficient water throughout the year. Seasonal rivers are not much suitable for inland waterways.

(ii) Rivers must be free from rapids, gorges, waterfalls, and cascades so that navigation could be easy.

(iii) A good river mouth connects inland waterways to ocean routes.

6. Write the advantages and disadvantages of Inland waterways.

Ans (i) Advantages

(i) This is the cheapest mode of transport and is especially useful for carrying heavy commodities like coal, iron ore, wood etc.

(ii) There is neither any need of laying of track nor has to be metalled like the highways.

Disadvantages

(i) It is a slow mode of transportation and takes longer time. Thus, it is not suitable for perishable goods and passengers.

(ii) Water level on the river varies with seasons and its navigability is adversely affected.

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trade known as slave trade. Europeans used to capture African natives and transport them to newly discovered Americas where they were sold as labourers in the plantations.

6. Write the basis of international trade?

Ans International trade depends upon several factors. Some important factors are discussed as under:

### Difference in Natural Resources

The fundamental base of international trade is the difference in natural resources of different countries. There are variations in Relief, Structure, geology, climate and soil from one country to the other.

(i) Geological structure. Geological structure is the most important factor as it determines the relief, mineral resources, crops, animals etc.

(ii) Mineral Resources. One of the most outstanding features of mineral resources is that these resources are very unevenly distributed over the globe. Mineral resources provide a solid base to industries.