**The Role of International Trade – 4.4**

**Over-specialization on a narrow range of products.**



Answer true or false to the following questions:-

1. – The majority of LEDCs rely exclusively on the primary sector for their GDP and export revenue.
2. - A large proportion of the labour force is still employed in agriculture in several LEDCs.
3. - Some LEDCs are experiencing diminishing returns in agriculture.
4. – Using the CIA fact book website, identify whether or not Zambia, and the LEDC of your choice fits the traditional stereotypes.
5. – Economy is heavily dependent on the primary sector.
6. - The majority of the population is employed in agriculture.
7. – A narrow range of primary commodities provide the majority of export revenue.

<https://www.cia.gov/library/publications/the-world-factbook/geos/za.html>

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| Nation | GDP by composition | Labour Force | Principle Exports |
| Zambia |  |  |  |
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1. If an LEDC nation does specialize in a narrow range of exports, whether that be primary goods or not, what are the potential dangers?

**Global prices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Current Account**

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**Price volatility of primary products.**

1. - Using the diagram below, illustrate and explain why world prices for some primary products are volatile and why this represents a threat to the economies of some LEDCs.

Price of

Copper

Qty demanded/supplied

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**Inability to access international markets**

1. – How are LEDCs often denied access to international markets?

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1. – Use the diagrams on the next page to illustrate how an MEDC nation such as the US might use subsidies to support its diary industry and why this might lead to problems for some LEDCs.
2. – Why might **protectionism** prevent LEDCs from diversifying their export base? (think tariff escalation)

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**Long term changes in the terms of trade.**

1. – What impact will a weaker currency and falling commodity prices have on an LEDC nation?

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**Trade strategies for economic growth and development.**

**Import substitution**

1. – Define import substitution or inward orientation

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| **Required Conditions** | **Advantages** | **Disadvantages** |
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1. – Which LEDCs have adopted import substitution?
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**Export promotion/Export-led growth**

1. – Define export promotion or export-led growth.

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| **Required Policies** | **Advantages** | **Disadvantages** |
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1. – Which LEDCs have adopted export promotion?
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**Trade Liberalisation**

1. What do you understand by the term **‘trade liberalization’**?

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1. What are the potential benefits of **trade liberalization**?

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**Bilateral and Regional Preferential Trade Agreements**

1. – How might membership of a trading bloc be beneficial to an LEDC?

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1. – Identify whether Zambia, and your chosen LEDC are members of a trading bloc.

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| Nation | Trading Bloc |
| Zambia |  |
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**Diversification**

1. – What does ‘**diversification**’ involve?

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1. – In your opinion, does Zambia need to diversify its range of exports?

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1. – What barriers are there to export diversification?

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