

CHAPTER



Business in a Global Economy

Part 1: Content Review

Matching

Write the letter of the correct term for each definition on the line provided.

Terms

- | | |
|-----------------------|----------------------|
| A. globalization | F. logistics |
| B. exports | G. licensing |
| C. absolute advantage | H. franchise |
| D. balance of trade | I. quota |
| E. tariff | J. floating currency |

- _____ 1. Goods and services produced within a country's borders and sold in another country.
- _____ 2. When a country can produce goods more efficiently and at a lower cost than another country.
- _____ 3. Planning and managing the flow of goods, services, and people to a destination.
- _____ 4. A limit on the amount of a product imported into a country during a specific period of time.
- _____ 5. When a business sells the right to manufacture its products or use its trademark.
- _____ 6. A governmental tax on imported goods.
- _____ 7. The connection among nations when economies freely move goods, labor, and money across borders.
- _____ 8. The right to sell a company's goods or services in a specific area.
- _____ 9. The difference between a nation's exports and its imports.
- _____ 10. The exchange rate is set by the forces of supply and demand in the foreign exchange market.

Multiple Choice

Place the letter of the correct answer to each question on the line provided.

- _____ 1. Which is *not* a benefit of exporting?
- A. Reduce legal documents
 - B. Realize potential new markets
 - C. Increase profits
 - D. Generate jobs
- _____ 2. An absolute advantage exists when a country can produce goods more efficiently than ____.
- A. the previous year
 - B. average
 - C. with a floating currency
 - D. another country
- _____ 3. Balance of trade is ____.
- A. exports plus imports
 - B. exports minus imports
 - C. exports minus tariffs
 - D. the same as the balance of payments
- _____ 4. Most currencies today are ____.
- A. fixed
 - B. restricted
 - C. floating
 - D. not influenced by economic factors
- _____ 5. Which of the following is *not* a trade barrier?
- A. Embargo
 - B. Bloc
 - C. Tariff
 - D. Quota
- _____ 6. A group of countries that have reduced or eliminated trade barriers among themselves is a(n) ____.
- A. free-trade zone
 - B. free-travel zone
 - C. mutual trade area
 - D. embargo zone
- _____ 7. The ____ for international shipping is more complex compared to domestic shipping.
- A. packaging
 - B. logistics
 - C. absolute advantage
 - D. trade agreement
- _____ 8. Which of the following is *not* a business option to enter a foreign market?
- A. Licensing
 - B. Franchising
 - C. Comparative trade
 - D. Joint venture

Name _____

- _____ 9. The person or company that buys the rights to sell another company's goods or services in a specific area is a(n) _____.
A. franchise
B. franchisor
C. franchisee
D. joint venture partner
- _____ 10. Someone who translates a conversation between individuals who do not speak the same language is a(n) _____.
A. interrogator
B. interloper
C. interoffice liaison
D. interpreter

Completion

In the space provided, write the word(s) that best completes each of the following statements.

- _____ 1. _____ is the shared beliefs, customs, practice, and social behavior of a particular group or nation.
- _____ 2. The buying and selling of goods and services across national borders is _____.
- _____ 3. The total amount of money that comes into a country, minus the total amount of money that goes out for a specific period of time is the _____.
- _____ 4. The cost to convert one currency into another is the _____.
- _____ 5. The body of laws related to the exchange of goods and services for international trade is called _____.
- _____ 6. An embargo that affects only certain goods is a(n) _____.
- _____ 7. The North American Free Trade Agreement (NAFTA) is a trade agreement between the United States, Canada, and _____.
- _____ 8. _____ is having people from different backgrounds, cultures, or demographics coming together in a group.
- _____ 9. The process of sending and receiving messages between people of various cultures is _____.
- _____ 10. A business that operates in more than one country is a _____.

Name _____

Part 2: Concept Review

Open Response

Write your response to each of the following statements or questions in the space provided. Use complete sentences.

1. What is exporting? List three advantages of exporting.

2. What is an absolute advantage? Why does it result in more global trade?

3. Most countries have their own currencies and typically only accept their own currency for business exchanges. How does this complicate global trade?

Name _____

4. Give three reasons why countries impose trade restrictions on imports.

5. A company in Tulsa, Oklahoma wants to ship a 300 pound package to Takasaki, a city in Japan that is about 60 miles northeast of Tokyo. Think of two different ways to transport the package. Identify the methods of transportation involved in each. Which do you think would be fastest? Which do you think would be more expensive?

Name _____

Part 3: Math Skills

Conversions

The United States uses a system of measurement called the US Customary system. This system consists of feet, pounds, ounces, miles, inches, and degrees Fahrenheit. Most other countries use the *Système International d’Unités* (SI), or International System of Units, which consists of meters, grams, and degrees Celsius.

Use the following equations to answer the questions involving conversions.

US Customary	SI
1 mile	1.60934 kilometer
3.28084 feet	1 meter
1 inch	2.54 centimeters
1 pound	453.592 grams
2.20462 pounds	1 kilogram
1 ounce	28.3495 grams

$$\text{degrees Celsius} = \frac{(\text{degrees Fahrenheit} - 32) \times 5}{9}$$

$$\text{degrees Fahrenheit} = \frac{\text{degrees Celsius} \times 9}{5} + 32$$

1. A delivery truck is traveling from Montana into Alberta, Canada. After crossing the border into Canada, the speed limit changes from miles per hour to kilometers per hour. The new speed limit is 125 kilometers per hour. If the truck is traveling at 75 miles per hour, is it under or over the speed limit?

2. A sporting goods company in Indiana receives an order to make soccer goals for a customer in Portugal. A regulation soccer goal is 24 feet wide and 8 feet high. What are the same dimensions in meters?

Name _____

3. A medical products company in Atlanta receives an order from Spain for a special facial ointment. The standard package weight is 20 ounces. What is this weight in grams?

4. A tourist is traveling back to the United States from Brazil and is checking baggage at the airport. The airline charges a \$50 fee if a checked bag weighs over 50 pounds. The tourist checks a souvenir package that weighs 22 kilograms. Will the airline charge a fee?

5. You hear the weather forecast on television in a Canadian hotel. The high temperature tomorrow will be 20 degrees Celsius. What is this temperature in degrees Fahrenheit?

Name _____

Part 4: Communication Skills

Speaking

Improving your vocabulary will help you as you communicate with a diverse group of customers. In the workplace, there are foreign expressions that you will encounter. Find the definition for the following expressions and write them in the spaces provided.

1. de facto

2. verboten

3. carte blanche

4. vis-à-vis

5. status quo

6. mea culpa

7. mano a mano

8. quid pro quo

9. ad nauseum

10. ex post facto
