

CAIE Geography Pre-U

2A - Trade, Debt and Aid

Flashcards

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What is trade?



What is trade?

The exchange of goods, money and services between countries and regions.



What is FDI?



What is FDI?

The purchase of land, equipment or buildings or the construction of new equipment or buildings in a foreign country.



What is aid?



What is aid?

The international transfer of money, goods, or services, from a country or international organisation for the benefit of the recipient country or its population.



What are remittances?



What are remittances?

Money sent out of a country to someone's home country.



What is debt?



What is debt?

Money owed to a company, country or person.



What is colonialism?



What is colonialism?

The policy or practise of acquiring full or partial political control over another country, exploiting it economically and occupying it with settlers.



What is neo-colonialism?



What is neo-colonialism

The use of political, economic, cultural or other pressure to control or influence other countries.



What are the benefits of neo-colonialism?



What are the benefits of neo-colonialism?

Can create trade links between countries, provides LICs with infrastructure and new technology and provides the coloniser with resources and labour.



What are the negatives of neo-colonialism?



What are the negatives of neo-colonialism?

Creates dependency, exploitation and loss of resources.



What are terms of trade?



What are terms of trade?

A measure of a country's export price in relation to its import price.



What is comparative advantage?



What is comparative advantage?

Where a country can produce a good or service at a lower opportunity cost than another.



What is opportunity cost?



What is opportunity cost?

A profit, benefit, or value of something that must be given up to acquire or achieve something.



What are the benefits of comparative advantage?



What are the benefits of comparative advantage?

Creates interdependence, increases output of all goods, fewer resources used and increased production.



What are the negatives of comparative advantage?



What are the negatives of comparative advantage?

Transport leads to pollution, resources needed for packaging, can lead to diminishing returns and LICs encouraged to produce only primary products.



What is interdependence?



What is interdependence?

Where members of a group are mutually dependent on each other.



What are diminishing returns?



What are diminishing returns?

A decrease in the output of production as a result of a single factor of production increasing incrementally.



What are trade blocs?



What are trade blocs?

An intergovernmental agreement where barriers to trade are reduced or eliminated.



What are the benefits to trade blocs?



What are the benefits to trade blocs?

Larger customer base, faster transfer of technology, lower costs for producers and consumers and companies inside the bloc are protected.



What are the disadvantages of trade blocs?



What are the disadvantages of trade blocs?

Loss of benefits of free trade, distortion of trade, inefficiencies protected, trade diverted, retaliation and makes it more difficult for LICs to trade.



What is the World Trade Organisation?



What is the World Trade Organisation?

Intergovernmental organisation which is concerned with the regulation of international trade between nations.



What does the WTO do?



What does the WTO do?

Settles trade disputes, acts as a forum for negotiations, operates a system of global trade rules, and supports the needs of developing countries.



What are the negatives of the WTO?



What are the negatives of the WTO?

Sometimes favoured trade rules which are unfavourable towards LICs, promotes protectionism, and has forced LICs to choose TNCs rather than local businesses.



What is the balance of payments?



What is the balance of payments?

The balance of trade together with any invisible earnings from tourism, banking and insurance.



What are foreign exchange reserves?



What are foreign exchange reserves?

Foreign currencies held by a country's central bank.



What is fairtrade?



What is fairtrade?

An institutional agreement designed to help producers in developing countries gain better trading conditions.



What are the benefits of fairtrade?



What are the benefits of fairtrade?

Improved wages, removes discrimination, eliminates the need for child labour, allows competitiveness on international markets, organic and ensures minimum price for produce.



What are the negatives of fairtrade?



What are the negatives of fairtrade?

High joining fees, limited consumer base and there is little drive to improve efficiency.



What are the benefits of FDI?



What are the benefits of FDI?

Improves infrastructure, invests in developing countries economies, encourages political stability, large range of consumer goods at cheaper prices, offers employment, donor countries are closer to raw materials and it is cheaper.



What is a transnational corporation?



What is a transnational corporation?

A corporation that is registered and operates in more than one country at a time.



What are the negatives TNCs?



What are the negatives of TNCs?

Negative impacts on the environment, can exploit the local population, low safety standards and long working hours.



What does the World Bank do?



What does the World Bank do?

Provides low-interest loans, zero to low-interest credits and grants to developing countries.



How much money has the World Bank given in financial assistance?



How much has the World Bank given in financial assistance?

\$46 billion



What does the international monetary fund do?



What does the international monetary fund do?

Fosters global monetary cooperation, secures financial stability, facilitates international trade, promotes high employment, promotes sustainable economic growth, reduces poverty around the world and gives 0% interest rates to LICs.



What are the negatives of FDI?



What are the negatives of FDI?

Exploits cheap labour, profits can leave the country, caravan capitalism, can avoid paying full taxes, environmental degradation and poor health and safety.



What is debt mainly caused by?



What is debt mainly caused by?

Overabundant supply of cheap money, insufficient monitoring of aid, loans spent unsustainable, not generating enough funds and rising world interest rates.



What are some of the methods to relieve the debt burden?



What are some of the methods to relieve the debt burden?

Rescheduling, debt-for-nature swaps, debt-for-equity swaps and debt forgiveness or cancellation.



What are the positives of the HIPC?



What are the positives of the HIPC?

Gives countries a fresh start and their flexibility to the amount of debt relief a country receives.



How many microcredit schemes for farmers were funded from HIPC?



How many microcredit schemes for farmers were funded from HIPC?

43,000



What are the negatives of the HIPC initiative?



What are the negatives of the HIPC initiative?

Complex conditions, just making sure that debt can be repaid, conditionalities could be detrimental and debt reduction is often too small.



What are the different forms of aid?



What are the different forms of aid?

Long-term development aid, short-term relief, bilateral, multilateral and tied aid.



What is the OECD goal for donation of aid as a percentage of GDP?



What is the OECD goal for donation of aid as a percentage of GDP?

0.7%



Who are the top 5 donors of aid based on percentage of their GDP?



Who are the 5 donor of aid based on percentage of their GDP?

Norway, Sweden, Luxemburg, Denmark and the UK.



Who are the 4 top recipients of aid?



Who are the 4 top recipients of aid?

Pakistan, Ethiopia, Nigeria and Sierra Leone.



What are the reasons aid is given?



What are the reasons aid is given?

To relieve suffering, improve living conditions, ally making, win international and home support, interest repayment and receiving a better price on produce.



What are the consequences of aid?



What are the consequences of aid?

Corruption, damage to environment, dependency, distorts local markets, skewed towards political allies, can displace the poor, technology can be too expensive, may only benefit the rich and can be tied.



What is globalisation?



What is globalisation?

The process of increased interconnectedness among countries through an increased variety and volume of cross border transactions.



What are the causes of globalisation?



What are the causes of globalisation?

Improved transport, containerisation, improved technology, trade blocs, growth of TNCs and multinational corporations, and increased mobility of labour.



What are the positives of globalisation?



What are the positives of globalisation?

Competition encourages creativity, innovation and keeps prices in check, developing countries benefit from technology, governments can work together, greater access to foreign cultures, more aware of global issues and free movement of labour.



What are the negatives of globalisation?



What are the negatives of globalisation?

Outsourcing takes jobs away, cultures become diluted, increased spreading of disease and invasive species, exploits the poor, makes the rich richer, labour drain, overconsumption and de-industrialisation can leave derelict buildings and pollution.



How much of Ghana's cocoa is exported to Cadbury's?



How much of Ghana's cocoa is exported to Cadbury's?

90%



How much of Cadbury's cocoa is imported from Ghana?



How much of Cadbury's cocoa is imported from Ghana?

70%



How much money did Cadbury's invest in 2008 to safeguard its cocoa industry?



How much money did Cadbury's invest in 2008 to safeguard Ghana's cocoa industry?

£44 million



How much has Ghana's crop production fallen?



How much has Ghana's crop production fallen?

To 40% of its potential yield.



How many people were killed as a result of the Bhopal disaster?



How many people were killed as a result of the Bhopal disaster?

3,000 and a further 20,000 since from the effects.



How much did China announce it would invest in Africa in 2018?



How much did China announce it would invest in Africa in 2018?

\$60 billion.



How many Chinese firms are there in Africa?



How many Chinese firms are there in Africa?

More than 10,000.



How much is China Africa trade growing each year?



How much is China Africa trade growing each year?

20%.



How many Chinese firms have introduced a new product or service into Africa?



How many Chinese firms have introduced a new product or service into Africa?

1/2



In 2016, as a percentage of its GDP, how large was Mali's debt?



In 2016, as a percentage of its GDP, how large was Mali's debt?

36%



How much did Mali receive in debt service relief?



How much did Mali receive in debt service relief?

\$220 million.



How much did the Pergau Dam cost?



How much did the Pergau Dam cost?

£415 million.



What were the negatives of the Pergau Dam?



What were the negatives of the Pergau Dam?

Tied aid, electricity went to capital so did not help the poorest, damaged fish stocks, deforestation and soil erosion.



What were the positives of Practical Action in Kenya?



What were the positives of Practical Action in Kenya?

Changed the housing policy, improved basic services and infrastructure, local people consulted and taught construction and maintenance skills.



How much did the Asian Development Bank provide after Cyclone Haiyan?



How much did the Asian Development Bank provide after cyclone Haiyan?

\$500 million



How many projects has STAR-Ghana supported?



How many projects has STAR-Ghana supported?

308



How much are EU subsidies for sugar?



How much are EU subsidies for sugar?

£400 per tonne.



What was the main purpose for the EU
sugar surplus?



What was the main purpose for the EU sugar surplus?

So that EU's vast and growing sugar surplus can be exported at the world price of 4p per pound compared with the current of 15p per pound.



How many tonnes of sugar were dumped
on the world markets each year?



How many tonnes of sugar were dumped on the world markets each year?

5 million tonnes.



What was the aim of NAFTA?



What was the aim of NAFTA?

To integrate Mexico with the highly developed countries of the USA and Mexico so that Mexico can experience steadier and stronger economic growth and provide more jobs and opportunities.



How much did regional trade between Mexico and the US increase between 1993 and 2016?



How much did regional trade between Mexico and the US increase between 1993 and 2016?

From \$260 billion to \$1.1 trillion.



How much did US FDI increase to Mexico between 1993 and 2016?



How much did US FDI increase to Mexico between 1993 and 2016?

From \$15 billion to \$100 billion.



What were the negatives of NAFTA?



What were the negatives of NAFTA?

Mexico hit by the 2008 economic recession, poverty still remains at the same level and Mexico's GDP per capita is increased slower than that of other Latin American countries



What was the aim of Mercosur?



What was the aim of Mercosur?

To bring the free movement of goods, capital, services and people among its members.

