

TRADE QUESTIONS 2059/02

Compiled by: Mustafa Asif

A) MAJOR EXPORTS AND IMPORTS

CANDIDATES SHOULD BE ABLE TO:

- NAME THE MAIN EXPORTS AND IMPORTS
- DESCRIBE THE CHANGES IN THE TYPES/AMOUNTS/VALUE OF GOODS EXPORTED AND IMPORTED IN RECENT YEARS
- KNOW AND UNDERSTAND THE MEANING OF GNP AND GDP AND THE DIFFERENCE BETWEEN THEM
- EXPLAIN THE EFFECT OF CHANGING TRENDS IN EXPORTS AND IMPORTS ON PAKISTAN'S BALANCE OF TRADE AND ECONOMY.

B) PAKISTAN'S TRADING PARTNERS

CANDIDATES SHOULD BE ABLE TO:

- NAME AND LOCATE PAKISTAN'S MAIN TRADING PARTNERS, AND NAME THE GOODS PAKISTAN EXPORTED TO THEM OR IMPORTED FROM THEM
- UNDERSTAND THE FACTORS WHICH MAY PROMOTE OR HINDER TRADE WITH OTHER COUNTRIES, AND EXPLAIN WHY IT IS DIFFICULT FOR PAKISTAN AS A DEVELOPING COUNTRY TO MAINTAIN OR INCREASE ITS SHARE OF TRADE WITH OTHER COUNTRIES
- UNDERSTAND THE FACTORS THAT MAY PROMOTE AND LIMIT TRADE, INCLUDING TRADING BLOCS, TRADE BARRIERS AND CURRENCY EXCHANGE RATES.

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O/N18/P2/Q3(B, C and D)

- (b) (i) Study Fig. 3.2, a world map. Shade and label two countries that are major importers of products from Pakistan.



Fig. 3.2

[2]

- (ii) Name three major products that are imported into Pakistan.

1
2
3

[3]

- (c) (i) Define the term 'trade deficit'.

.....
.....[1]

- (ii) Study Fig. 3.3, a bar graph showing the exports and imports of Pakistan in millions of rupees.

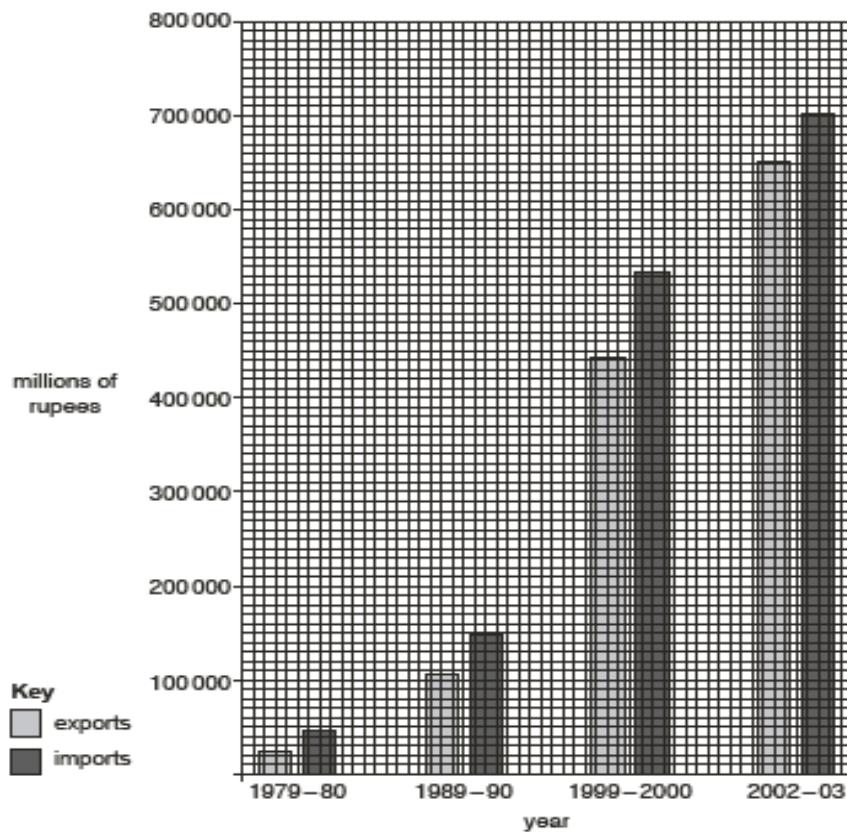


Fig. 3.3

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A Calculate the trade deficit for 1979–1980. Circle one correct answer below.

+23519

–90114

–23519

+46929

B Identify how the trade deficit has changed from 1979 to 2003. Circle one correct answer below.

increased

stayed the same

decreased

[2]

(iii) Explain why Pakistan has a trade deficit. You should develop your answer.

.....

.....

.....

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.....

.....

.....

.....

.....[4]

O/N17/P2/Q2(B)

(b) (i) Name two fuels which are imported in large quantities by Pakistan.

1

2[2]

(ii) Explain the disadvantages to Pakistan of importing large amounts of natural resources. You should develop your answer.

.....

.....

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.....

.....

.....

.....

.....

.....

.....[4]

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A

B

[illegible]

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M/J17/P2/Q3(A AND C)

- (a) Study Fig. 3, which ranks Pakistan's main trading partners for imports and exports in 2013.

Rank	Origin of imports	Rank	Destination of exports
1	UAE	1	USA
2	China	2	China
3	Saudi Arabia	3	Afghanistan
4	Kuwait	4	UAE
5	India	5	Germany
6	Malaysia	6	UK

Fig. 3

- (i) Name a country which is a main trading partner for both imports and exports.

.....[1]

- (ii) For **either** imports **or** exports suggest reasons why the countries listed are important trading partners for Pakistan.

Choice

.....
.....
.....
.....
.....
.....
.....[3]

- (c) Pakistan usually has a negative balance of trade.

- (i) What is meant by the term 'balance of trade'?

.....
.....[1]

- (ii) What are the reasons for having a negative balance of trade?

.....
.....
.....
.....
.....
.....[3]

- (iii) Suggest **two** effects of a negative balance of trade on the national economy.

1
.....
2
.....[2]

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O/N16/P2/Q2(C)

(c) (i) Name two of Pakistan's main exports.

1

2 [2]

(ii) Read the following article:

Pakistan produces many goods that could be exported in greater quantities. For a variety of reasons the amount of exports remains low: in 2013 the value of exports was only 13% of GDP.

Explain why it is difficult for Pakistan to sell more of its goods to other countries.

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

O/N15/P2/Q4

- (a) Study Fig. 7, which gives information for the Gross Domestic Product (GDP) of Pakistan in 1992 and 2012.

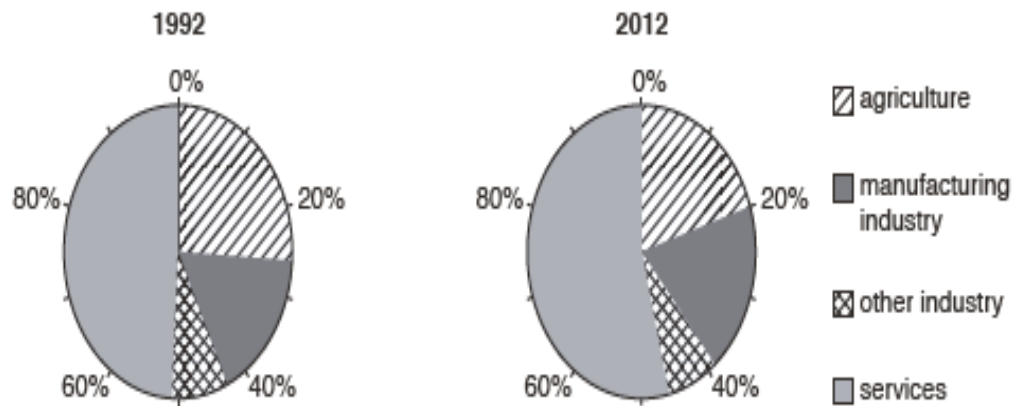


Fig. 7

- (i) What is meant by the term Gross Domestic Product (GDP)?

.....
[1]

- (ii) A. What percentage of GDP came from services in 2012?

.....

- B. What might be included in the category 'other industry'?

.....

- C. State whether the share of GDP from the following has increased, decreased, or stayed the same in the period from 1992 to 2012:

Agriculture

Manufacturing industry[3]

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(b) Study Fig. 8, which shows the value of exports and imports in Pakistan in 2011.

Category	Exports (US\$ million)	Imports (US\$ million)
Animals and animal products	560	—
Vegetable products	3940	1460
Edible fats and oils	—	2590
Prepared foodstuffs	560	540
Mineral products	690	6030
Chemicals, incl. fertilisers	370	5050
Leather	680	—
Textiles and textile products	13490	2870
Metals	960	2290
Machinery and instruments	640	5130
Vehicles and transport	—	2190
Other	1460	3490
TOTAL	23350	31640

Fig. 8

(I) Name a textile product exported by Pakistan.

.....[1]

(II) How much greater is the total value of all imports than the total value of all exports?

.....[1]

(III) Use Fig. 8 to describe **three** differences between goods Pakistan exports and imports.

.....

.....

.....

.....

.....

.....[3]

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- (IV) Explain two problems for Pakistan's economy caused by the differences you have described in your answer to part (III).

Problem

.....

.....

.....

Problem

.....

.....

.....[4]

- (c) (I) State one main trading partner with Pakistan for each of exports and imports.

Exports

Imports[2]

- (II) Describe a method of transport that could be used for trade with one of the countries stated in your answer to part (I). Suggest the benefits of using this method of transport.

Method

Benefits

.....

.....

.....

.....

.....[4]

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To what extent do you agree with this view? Give reasons and use examples you have studied to support your answer.

[6]

[Total: 25]

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(c) (i) Name or describe a border crossing by road between Pakistan and a neighbouring country. Which country is linked to Pakistan by this road?

Country[2]

[4]

There are more advantages to Pakistan in maintaining trade with EU (European Union) countries.

.....

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O/N11/P2/Q3(D AND E)

(d) Study Fig. 6, which shows imports of goods to Pakistan in 2007.

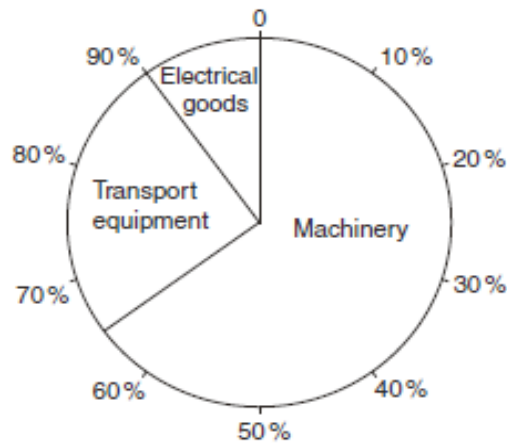


Fig. 6

(i) State the percentage of:

- A. Machinery
B. Electrical goods [2]

(ii) Name **two** machines that may be used in a craft industry.

- 1
2 [2]

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- (iii) Explain the importance of mechanisation to the craft industry and other small-scale industries of Pakistan.

.....

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.....

.....[4]

- (e) The countries of the European Union have a large demand for goods such as clothes and sports goods. Pakistan can produce these goods cheaply.

Explain the advantages and disadvantages of developing a trade agreement with partners in the EU.

Advantages

.....

.....

.....

.....

Disadvantages

.....

.....

.....

.....

.....[4]

[Total: 25]

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Answer Key-Mark Scheme

3(b)(i)	<p>Accurate shading and labels for 2 countries.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Afghanistan <input type="checkbox"/> Australia <input type="checkbox"/> Bangladesh <input type="checkbox"/> Belgium <input type="checkbox"/> Egypt <input type="checkbox"/> Canada <input type="checkbox"/> China / Hong Kong <input type="checkbox"/> Denmark <input type="checkbox"/> France <input type="checkbox"/> Germany <input type="checkbox"/> India <input type="checkbox"/> Japan <input type="checkbox"/> Kenya <input type="checkbox"/> Kuwait <input type="checkbox"/> Malaysia <input type="checkbox"/> Holland <input type="checkbox"/> Poland <input type="checkbox"/> Portugal <input type="checkbox"/> Russia <input type="checkbox"/> South Africa <input type="checkbox"/> South Korea <input type="checkbox"/> Saudi Arabia <input type="checkbox"/> Spain <input type="checkbox"/> Sri Lanka <input type="checkbox"/> Switzerland <input type="checkbox"/> Sweden <input type="checkbox"/> Tanzania <input type="checkbox"/> Turkey <input type="checkbox"/> Thailand <input type="checkbox"/> United Arab Emirates <input type="checkbox"/> United Kingdom <input type="checkbox"/> United States of America <input type="checkbox"/> Yemen <p style="text-align: right;">2 @ 1 mark</p>	2
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Question	Answer	Marks
3(b)(ii)	<ul style="list-style-type: none"> <input type="checkbox"/> Machinery / computers <input type="checkbox"/> Electrical appliances / electronics <input type="checkbox"/> Wheat <input type="checkbox"/> Mineral oil / petroleum / crude oil <input type="checkbox"/> Tea <input type="checkbox"/> Oil seeds <input type="checkbox"/> Vegetables <input type="checkbox"/> Vegetable oils / edible oils / animal fats / waxes <input type="checkbox"/> Coal <input type="checkbox"/> Vehicles <input type="checkbox"/> Iron / steel / metals <input type="checkbox"/> Chemicals <input type="checkbox"/> Plastics <p style="text-align: right;">3 @ 1 mark</p>	3
3(c)(i)	<p>Trade deficit is a negative balance of trade where the value of imports exceeds the value of the exports.</p> <p style="text-align: right;">1 @ 1 mark</p>	1
3(c)(ii)	<p>1979–1980: 23 519 Increased</p> <p style="text-align: right;">2 @ 1 mark</p>	2
3(c)(iii)	<p>Ideas such as:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Value of imports is greater than exports (import of higher value goods compared with goods for export which are lower value); <input type="checkbox"/> Export a small variety of goods (e.g. cotton, rice, sports goods, leather goods, carpets and rugs); <input type="checkbox"/> Import food items (e.g. not completely self – sufficient in food); <input type="checkbox"/> weather-related points, (e.g. bad storms, heavy rain etc. leading to failed harvests); <input type="checkbox"/> Trade barriers / restrictions on exports (e.g. child labour, environmental and health standards); <input type="checkbox"/> Tough world market competitors / competition (e.g. Pakistan does not belong to major trade organisations, lack of standardisation / quality) <input type="checkbox"/> Limited range of specialist / niche products that other countries need or want (e.g. standardisation / produce cheaper goods / have to import luxury items); <input type="checkbox"/> Instability (deters foreign investment); <input type="checkbox"/> Shortage of skilled / knowledgeable people to manage products; <p>Etc.</p> <p>Note: One mark for identification of appropriate idea and a further mark for development (in parentheses).</p> <p>Note: Max. 2 marks if no development.</p> <p style="text-align: right;">2 + 2 marks</p>	4

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Question	Answer	Marks
3(d)	<p>Levels marking</p> <p>No valid response 0</p> <p>Level 1 1–2 Simple point addressing any challenge or strategy (1) Simple points addressing any challenge or strategy (2)</p> <p>Level 2 3–4 Developed point(s) explaining one challenge or strategy (3) Developed point(s) explaining any challenge and strategy (4) No evaluation</p> <p>Level 3 5–6 Developed points explaining challenges and strategies Evaluation giving clear support to one challenge or strategy or appropriate example (5) Evaluation giving clear support to one challenge or strategy and appropriate example (6)</p> <p>Content Guide Answers are likely to refer to:</p> <p>To increase exports:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Exports with higher value-added element encouraged; <input type="checkbox"/> Develop cottage and small-scale industries – especially using local raw materials; <input type="checkbox"/> Increase variety of exports; <input type="checkbox"/> Develop EPZ – export processing zones; <input type="checkbox"/> Reduce taxes on exports; <input type="checkbox"/> Boost industrialisation by developing export agencies e.g. Export Promotion Bureau; <input type="checkbox"/> Strict quality control; Etc. <p>To restrict imports:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Tertiary sector – less reliance on foreign employees, train Pakistani workers; <input type="checkbox"/> More goods produced in Pakistan – both low and high value goods; <input type="checkbox"/> Less reliance on other countries / use home produced raw materials if possible; <input type="checkbox"/> More food could easily be produced in Pakistan; <input type="checkbox"/> Improves local economy; Etc. <p>Note: Candidates may suggest that both ideas work hand in hand, i.e. by reducing imports and increasing exports the development of EPZs would be a logical step.</p>	6

O/N17/P2/Q2(B)

2(b)(i)	<input type="checkbox"/> [Crude / refined] oil / petroleum; <input type="checkbox"/> Coal [briquettes]. <p style="text-align: right;">2 @ 1 mark</p>	2
2(b)(ii)	<input type="checkbox"/> Discourages development of Pakistan's own natural resources sector / renewable energy sector (creating fewer job opportunities) (preventing growth of national economy); <input type="checkbox"/> Dependent on other countries (which might restrict imports due to trade embargoes / worsening political relations / political instability); <input type="checkbox"/> Dependent on trade in basic commodities (therefore vulnerable to changes / fluctuations in world supply / market prices); <input type="checkbox"/> Limited international transport links for importing minerals (e.g. few road border crossings with Afghanistan / Iran / China / India) (e.g. Karachi Port too congested) (e.g. Gwadar Port not fully developed); <input type="checkbox"/> Air / water pollution from international transport (e.g. oil spillage at Karachi beach). ETC. <p>Note: One mark for identification of appropriate idea and a further mark for development (in parentheses).</p> <p>Note: Max. 2 marks if no development.</p> <p style="text-align: right;">2 @ 2 marks</p>	4

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M/J17/P2/Q3(A AND C)

3(a)(i)	China / UAE 1 @ 1 mark	1
3(a)(ii)	<u>Imports</u> <ul style="list-style-type: none"> <input type="checkbox"/> China/India – regional superpower/strong economy/neighbouring country/has land links; <input type="checkbox"/> China/India – source of capital/manufactured goods/ technological goods/import machinery; <input type="checkbox"/> UAE/Kuwait/Saudi Arabia – source of oil; <input type="checkbox"/> Malaysia – source of palm oil; <input type="checkbox"/> India – source of primary commodities, e.g. fruit and vegetables. <u>Exports</u> <ul style="list-style-type: none"> <input type="checkbox"/> Any named country – increased sales/markets/market share/enlarge market share; <input type="checkbox"/> China/Afghanistan – neighbouring countries with land links; <input type="checkbox"/> Afghanistan – foodstuffs such as rice, sugar; <input type="checkbox"/> China – to maintain relations/political ties with regional superpower; <input type="checkbox"/> UAE – nearby country via sea/Arabian Sea/Makran Coast; <input type="checkbox"/> USA/Germany/UK – developed economies raw materials, e.g. cotton yarn/woven cloth or manufactured goods, e.g. sports goods, linen, suits. <p>Note: Country must be named plus import or export.</p> <p>Note: No additional products or countries allowed.</p> 3 @ 1 mark	3

3(c)(i)	The difference between the <u>value</u> of goods imported and exported by a country/the <u>value</u> of imports subtracted from exports/the <u>value</u> of exports minus imports. 1 @ 1 mark	1
3(c)(ii)	<ul style="list-style-type: none"> <input type="checkbox"/> Value of goods imported is more than the value of goods exported; <input type="checkbox"/> Uncompetitive quality/low quality of exports; <input type="checkbox"/> Unable to fulfil domestic needs of population; <input type="checkbox"/> Import tariffs/quotas in other countries; <input type="checkbox"/> Dependency on import of capital goods/machinery/ oil/high value added goods; <input type="checkbox"/> Dependency on importing/exporting agricultural products/food/named examples; <input type="checkbox"/> Depreciating own currency/rupee against dollar; <input type="checkbox"/> Trade embargoes imposed by other countries. 3 @ 1 mark	3

Question	Answer	Marks
3(c)(iii)	<ul style="list-style-type: none"> <input type="checkbox"/> Foreign debt; <input type="checkbox"/> Dependence on foreign aid; <input type="checkbox"/> Need to use country's cash reserves/assets/loss of foreign exchange; <input type="checkbox"/> Development projects cancelled/delayed; <input type="checkbox"/> Rise in taxation; <input type="checkbox"/> Strategies to increase exports/high value exports/ Government encourages local industry to export; <input type="checkbox"/> Country's currency depreciates, so imports become expensive. 2 @ 1 mark	2

O/N16/P2/Q2(C)

(c) (i) Name two of Pakistan's main exports. [2]

Linen / textiles / clothing / men's suits / bed linen

Raw cotton / cotton yarn / cotton products

Carpets / tents / rugs

Rice

Refined petroleum / oil

Cement

Leather / leather products / named leather product e.g. shoes

Sports goods

Surgical instruments

Chemicals

(ii) Read the following article:

Pakistan produces many goods that could be exported in greater quantities. For a variety of reasons the amount of exports remains low: in 2013 the value of exports was only 13% of GDP.

Explain why it is difficult for Pakistan to sell more of its goods to other countries.

[4]

Challenging to compete with foreign / larger companies / producers (accept an example, e.g. Egypt – textiles)

Quality of items (lack of access to / high cost of raw materials / machinery)

Child labour causes barriers to trade (e.g. EU)

Limited management expertise in the export industry

Other countries have trade barriers / tariffs / quotas / restrictions (to protect their own industries / markets)

Relations with some other countries restricts trade

Pakistan government may have trade barriers with other countries (e.g. China – on cheap imported goods)

Maximum of 2 + 2 (mark + development mark)

M/J16/P2/Q5(b)

(b) (i) What are Export Processing Zones (EPZs)?

.....
.....[1]

(ii) Describe the features of an EPZ.

.....
.....
.....
.....
.....
.....[3]

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M/J16/P2/Q5(b)

(b) (i) What are Export Processing Zones (EPZs)? [1]

Areas which have government support/are joint ventures with foreign investors / attract foreign capital for export-orientated manufacturing/assembling industries

(ii) Describe the features of an EPZ. [3]

Industrial estates

Named e.g. Port Qasim/ Sialkot/ Faisalabad/ Gujranwala/ Risalpur/ Saindak/ Duddar/ Gwadar / Karachi

Exemption of duties on imported raw materials/machinery

Tax holidays/exemptions/subsidies

Export quality control

Provision of named infrastructure e.g. telephone/electricity/water/gas/roads Max 1

Provided with security

Attracts hi-tech development

O/N15/P2/Q4

4 (a) Study Fig. 7, which gives information for the Gross Domestic Product (GDP) of Pakistan in 1992 and 2012.

(i) What is meant by the term Gross Domestic Product (GDP)? [1]

Annual sum/total value of all output/goods and services produced within a country

Income generated by a country's own workers and resources

(ii) A. What percentage of GDP came from services in 2012?

B. What might be included in the category 'other industry'?

C. State whether the share of GDP from the following has increased, decreased, or stayed the same in the period from 1992 to 2012: Agriculture Manufacturing industry [3]

A. 53–54% 1 mark

B. Mining/construction/power/fishing/forestry 1 mark Not list rule

C. Agriculture decreased: manufacturing increased Both to be correct for 1 mark

(b) Study Fig. 8, which shows the value of exports and imports in Pakistan in 2011.

(i) Name a textile product exported by Pakistan. [1]

Garments/bed linen/cotton cloth/cotton yarn/carpets/rugs/suits/towels/fabrics Use list rule

(ii) How much greater is the total value of all imports than the total value of all exports? [1]

8290 US\$

(iii) Use Fig. 8 to describe three differences between goods Pakistan exports and imports. [3]

Animal products/leather exported but not imported

Edible fats and oils/vehicles and transport imported but not exported

Vegetable products/textiles and textile products (much) more exported than imported

Metals more imported than exported

Mineral products/ chemicals /machinery and instruments much more imported than exported

Value of imported goods more balanced/evenly spread than exported goods

Mainly exports primary goods but mainly imports manufactured goods

High value/low value goods = 0

Only accept complete comparisons of exports with imports (and like with like)

(iv) Explain two problems for Pakistan's economy caused by the differences you have described in your answer to part (iii). [4]

Narrow export base/overdependence on a few export items (so if low production e.g. poor harvests, no surplus/profit)

Main export/import items subject to world price fluctuations/vagaries of commodity

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market (e.g. oil, cotton, rice) (so some years there may not be a profit/economy goes into debt/has not surplus)

Exports are largely low value-added products which do not earn a great deal/great deal of foreign exchange [from small and cottage industries] (so other countries benefit more when add value)

Exports are items subject to high competition in the world market (so may not find a market)

Lack of quality control of export items (so may lose orders)

Production of main agricultural export items is subject to variations in weather and effects of pests (e.g. poor cotton crop due to unfavourable weather/virus/lack of rainfall/frost etc.)

Imports are mainly high value-added products and therefore expensive (such as manufactured goods/capital goods/luxury goods)

Food (e.g. wheat) has to be imported that could be grown in Pakistan

Importing consumer good which harms Pakistan industry (named consumer goods/industry)

Value of imports are greater than the value of exports (causing negative balance of payments).

Award second mark per line for explanation (parentheses show examples)

Two problems explained @ 2 marks each

(c) (i) State one main trading partner with Pakistan for each of exports and imports. [2]

Exports: USA/UAE/Afghanistan/China/UK/Germany/EU

Imports: China/Saudi Arabia/UAE/Kuwait/USA/Japan/EU

2 × 1 mark

(ii) Describe a method of transport that could be used for trade with one of the countries stated in your answer to part (i). Suggest the benefits of using this method of transport. [4]

- Ship/by sea (1), shorter link to European markets, freight costs low/cheap, modern port facilities especially for containers/bulk cargo/oil, Middle East readily accessible, ports are warm water and open all year

- Aeroplane/by air (1), effective for low volume/lightweight goods, very quick, useful for perishable/high value goods, e.g. fruits and vegetables Fragile/delicate goods = 0

- Truck/lorry/by road (1), link to China/Iran/Afghanistan/India, useful for smaller consignments, e.g. electronics/medicinal herbs/Chinese fabrics/decorative items/toys/cotton textiles/dried fruits/hosiery, useful for perishable/high value goods

- Train/by rail (1), link to Iran, cheaper for long distance, useful for bulky/heavy goods, e.g. food grains/cotton/oil/fertiliser/heavy machinery, effective for low value goods

1 mark for method of transport

3 marks for any three benefits listed

Marks are for transporting/handling goods

Easy/easier, references to safety = 0

(d) 'There are more factors that hinder trade between Pakistan and other countries than

factors that help trade.'

To what extent do you agree with this view? Give reasons and use examples you have studied to support your answer. [6]

Indicative content (development of points/place-specific detail/examples in parentheses)

Hinder

Lack of security/internal civil and tribal unrest/terrorism

Political instability/inconsistent government policies

Debt/imbalance of trade (leads to need for loans/foreign economic assistance and possible

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trade embargo if default)

International tension (e.g. with India, historically since partition 1947 and periodically over Kashmir so no significant trade with India has developed).

Mountainous terrain to NW. (Passes to Afghanistan e.g. Khyber, Kurram, and Khojak subject to border tensions, landslides, and avalanches.)

Trade barriers/embargoes from industrialised countries (which express concerns about child labour/health and safety/hygiene/environmental standards such as excessive use of pesticides on cotton).

Membership of regional organisations (e.g. ECO/SAARC/WTO in 2004) (involves removing import tariffs causing inflow of cheap imports)

Devaluing Pakistan rupee (makes imports, which are more than exports, more expensive)
Help

Improvements to transport infrastructure, (e.g. Karakoram Highway/new road Quetta to Chaman, Afghanistan/upgrade to RCD Highway to open a route to Iran and Turkey)

Development of ports (particularly Karachi/Bin Qasim port for containers and bulk cargo/Gwadar port/Makran Coast)

Membership of regional organisations (e.g. ECO/SAARC/WTO in 2004) (in which member countries benefit from access to major world markets)

Tax incentives for exporters

Export Promotion Bureau/Trade Development Authority of Pakistan/Export Processing Zones

Devaluing Pakistan rupee (makes exports cheaper)

[Total: 25]

M/J15/P2/Q4(c and d)

(c) (i) Name or describe a border crossing by road between Pakistan and a neighbouring

country. Which country is linked to Pakistan by this road? [2]

border crossing country

Koh-i-Taftan/RCD Highway Iran

Chaman/Quetta to Kandahar Afghanistan

Khyber pass/Grand Trunk Road Afghanistan

Khunjerab Pass/Karakoram Highway China

Lahore to Amritsar/Grand Trunk Road India

ii) How useful is the border crossing you have named or described in (i) for trade?

Give reasons for your answer. [4]

* Very useful/great importance

Encourages/improves/increases – trade/

import/export/foreign exchange

E.g. example named export/import

Cheaper transport/shorter distance to

travel/saves time

Improved relations/better relations

*Of very little or limited use/little

importance

Routes into Iran/Afghanistan are

mountainous/deserts

Security issues/tensions in FATA areas

E.g. Khyber Pass closed

Karakoram Highway blocked/closed in

winter

Due to snow/avalanches/landslides

Poor trading relations with India

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(d) There are advantages and disadvantages to Pakistan of trading with different countries or groups of countries. Read the following two views:

1. Pakistan would benefit from stronger trade links with China.

2. There are more advantages to Pakistan in maintaining trade with EU (European Union) countries.

Which view do you agree with more? Give reasons and refer to places or examples you have studied to support your answer. [6]

China

EU has trade barriers (custom duties and import quotas/tariffs/embargoes) with countries outside the EU

EU may restrict trade (due to poor law and order situation/terrorism/environmental issues/child labour/political instability)

Cottage and small scale industry products may lack international quality standard acceptable to EU

Can avoid reliance/dependence on Western powers

Chinese imports are low-priced (and meet local demand)

China faster growing economy so Pakistan can earn more foreign exchange

Land link with China (Karakoram Highway/Khunjerab Pass)

EU

EU countries politically/economically stable (so fewer changes in market trends)

History of stable trade relations with European countries since independence

China likely to manufacture products that Pakistan exports (in greater quantities/at lower prices)

Cheap Chinese imports may threaten

Accept converse arguments

O/N11/P2/Q3(D AND E)

(d) Study Fig 6, which shows imports of goods to Pakistan in 2007.

(i) State the percentage of: [2]

Machinery – 65

Electrical goods – 10

(ii) Name two machines that may be used in a craft industry. [2]

Allow any tool as long as it is likely to be mechanical

E.g. sewing machine, drill, lathe, sawing (machine), generator

(iii) Explain the importance of mechanisation to the craft industry and other smallscale

industries of Pakistan. [4]

Faster

Larger production

Lower labour costs / cheaper

Less work / easy / less tiring

Standardised product / better quality

Can replace child labour

New skills learned

Allow development, e.g.

Faster so that more income can be made because more production

Standardised product so that it is more attractive to buyers

Allow problems, e.g.

Unemployment, loss of traditional skills

TRADE QUESTIONS 2059/02

Compiled by: Mustafa Asif

(e) The countries of the European Union have a large demand for goods such as clothes

and sports goods. Pakistan can produce these goods cheaply.

Explain the advantages and disadvantages of developing a trade agreement with partners in the EU. [4]

Advantages (2 marks)

More exports / can pay off debt / improved trade balance / more foreign exchange (max 1 boosts economy)

Cheaper imports

Better availability

Boosts industrialisation / more factories built / more investment in these industries

Fewer trade barriers / lower taxes

Stable market

Disadvantages (2 marks)

Can be stopped / sanctions

Conditions imposed / ban on child labour

Pakistan goods may not be up to standard

Pakistan production may not be reliable

Imports may compete with local production

May affect other agreements, e.g. Iran, China

Fluctuating currency rates

[Total: 25]