

Q.1) Describe the main problems which are faced in International trade. What is the Conclusion of Comparative cost advantage theory.

Problems of International trade:-

i) Foreign exchange Rate:-

Currency of Country and Dependent on the Balance of payment policies Stability and Foreign Dependence.

ii) Market Efficiency:-

The Developing Countries Market Intelligence is less than adequate has been tried to help them by carrying out Study for the Bank by Developing Country.

iii) Corrupt:-

Corruption has an International phenomenon the highest Rates Bribes and Kick Back Risk for even to expand their operation. She is called the Corruption.

iv) Econological pivoting:-

Coping the original producing industry
product into areas of business
operations where common in Japan
During 1950-1960.

This practice immediately stem the
foreign company again expansion.

v) Political Issues:

There are no of some other problems
like political factors that is
Entry barrier high cost transport
In pricing rising of environment
Issue etc..

Theory of Comparative Advantage:-

The following are the assumptions of
the theory of Comparative Advantage:-

- i) Labour is the only productive factor
- ii) Cost of production are measured
in terms of the labour units
measured.
- iii) Labour is homogeneous.

- iv) Labour is perfectly mobile within a country but immobile internationally
- v) there is unrestricted or free trade
- vi) there is full employment equilibrium.
- vii) there are constant returns to scale.
- viii) there is perfect competition