

Ans 6 • There are some problems in international trade :- ①

- 1) Distance - Due to long distance between countries, it is difficult to establish quick and close trade contracts between traders.
- 2) Different languages - Different languages are spoken & written in different countries. Price lists and catalogs are prepared in foreign languages.
- 3) Difficulty in transportation and communication - Dispatch and receipt of goods takes a longer time and involves considerable expenses.
- 4) Risk in transit - Foreign trade involves much greater risk than home trade. Goods have to be transported over long distances and they are exposed to perils of the sea.
- 5) Lack of information about foreign businessmen - In the absence of direct and close relationship between buyers and sellers, special steps are necessary to verify the creditworthiness of foreign buyers.
- 6) Import and export restrictions - Every country charges customs duties on imports to protect its home industries. Similarly, tariff rates are put on exports of raw materials.