

Q-6 Problems in International Trade :-

(1) Tariffs Quotas and Trade Barriers :-

The developed countries are having a number of tariffs and quotas restrictions on import of products and special interest to developing countries.

(2) Foreign Exchange Rate -> Currencies of countries are depreciated due to imbalances in the balance of payment, political instability and foreign indebtedness.

(3) Corruption -> Corruption has become an international phenomenon. The higher rates bribes and kickbacks discourage the investors to expand their operations.

* Conclusion of Cost Comparative Advantage :-

- (1) Business between two countries is profitable when a country produces one commodity at a lower cost than other country and the other produces another commodity at a lower cost.
- (2) Business between two countries is also profitable when one of these products comparatively at greater efficiency than the other product.
- (3) Both the nation can engage in international business when one country specialise in the production in which it has efficiency in production.