

Section 2-2 Review Questions

Name \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 1) Importing and exporting are business activities that take place within  
A) the United States  
B) the global economy  
C) countries with a command economy  
D) nonprofit organizations  
1) \_\_\_\_\_
- 2) Which of the following are potential obstacles for entrepreneurs who want to conduct international trade?  
A) trade barriers  
B) tariffs  
C) cultural differences between countries  
D) all of the above  
2) \_\_\_\_\_
- 3) The foreign exchange rate is  
A) the value of one currency in relation to another  
B) the rate at which countries do business  
C) the fair trade value of currencies  
D) the value of the dollar in relation to foreign currencies  
3) \_\_\_\_\_
- 4) Fair trade is a policy that  
A) helps developing nations  
B) is encouraged by private organizations  
C) links small producers with foreign merchants  
D) all of the above  
4) \_\_\_\_\_
- 5) Which of the following is not a method for shipping goods?  
A) truck or train  
B) freight airlines  
C) water routes  
D) telecommunications  
5) \_\_\_\_\_
- 6) An engineering firm in one country can export its services to customers in another country by what means?  
A) telecommunications  
B) postal system  
C) air travel  
D) all of the above  
6) \_\_\_\_\_
- 7) When engaged in international trade, business etiquette includes being respectful of a nation's  
A) customs  
B) language  
C) attitudes  
D) all of the above  
7) \_\_\_\_\_
- 8) Which of the following is not a benefit of entrepreneurship for the local economy?  
A) joining a civic organization  
B) paying tariffs  
C) paying taxes  
D) hiring employees  
8) \_\_\_\_\_
- 9) The goal of sustainable economic development is to  
A) maintain and improve the quality of life and the environment  
B) protect consumers from foreign goods that might be unsafe  
C) control the flow of goods and services globally  
D) limit the quantity of a product that can be imported into a country  
9) \_\_\_\_\_
- 10) In international trade, the purpose of a quota is to  
A) create a positive impact on the foreign exchange rate  
B) generate tax income from imported goods  
C) limit the quantity of a product that can be imported into a country  
D) all of the above  
10) \_\_\_\_\_

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 11) Exporting is the business activity in which goods or services are sent from a country and sold to foreign consumers. 11) \_\_\_\_\_
- 12) Services, as well as goods, can be imported and exported. 12) \_\_\_\_\_
- 13) Services, like goods, can only be exported by shipping. 13) \_\_\_\_\_
- 14) Imported and exported goods can be shipped by modern telecommunications methods. 14) \_\_\_\_\_
- 15) A tariff is similar to a tax and must be paid on imported goods. 15) \_\_\_\_\_
- 16) A quota is a limit on the quantity of a product that can be imported into a country. 16) \_\_\_\_\_
- 17) Countries use tariffs and quotas to give their domestic suppliers the best chance to meet demand within the country. 17) \_\_\_\_\_
- 18) Using recycled packaging is an example of sustainability. 18) \_\_\_\_\_
- 19) Local economies are affected when entrepreneurs engage in international trade. 19) \_\_\_\_\_
- 20) Fair trade does not involve international trade activity. 20) \_\_\_\_\_

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 21) \_\_\_\_\_ is the business activity in which goods or services are sent from a country and sold to foreign consumers. 21) \_\_\_\_\_
- 22) \_\_\_\_\_ is the business activity in which goods and services are brought into a country from foreign suppliers. 22) \_\_\_\_\_
- 23) The \_\_\_\_\_ economy is the flow of goods and services around the world. 23) \_\_\_\_\_
- 24) A trade \_\_\_\_\_ is a governmental restriction on international trade. 24) \_\_\_\_\_
- 25) A(n) \_\_\_\_\_ is a fee that importers must pay on goods they import. 25) \_\_\_\_\_
- 26) A(n) \_\_\_\_\_ is a limit on the quantity of a product that can be imported into a country. 26) \_\_\_\_\_
- 27) A(n) \_\_\_\_\_ economy covers a limited area, such as a community or town. 27) \_\_\_\_\_
- 28) The goal of \_\_\_\_\_ is economic development that maintains and improves the quality of human life and the quality of the environment. 28) \_\_\_\_\_
- 29) To calculate the value of one currency in relation to another, international sellers need to know the foreign \_\_\_\_\_. 29) \_\_\_\_\_
- 30) The goal of \_\_\_\_\_ trade is to ensure that small producers in developing nations earn sufficient profit on their exported goods to improve their living conditions. 30) \_\_\_\_\_