

## Ch 7 Test Review

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. One of the top \_\_\_\_\_ in the United States is pharmaceuticals, which are produced in the United States and then sold in other countries.
- imports
  - exports
  - trades
  - quotas
- \_\_\_\_\_ 2. The difference between a country's exports and imports is its \_\_\_\_\_.
- balance of trade
  - balance of payments
  - foreign exchange rate
  - comparative advantage
- \_\_\_\_\_ 3. Which of the following occurs when the value of a foreign currency increases in US dollars?
- People in the United States can buy more imports.
  - Nations using the foreign currency can buy fewer imports.
  - The value of the US dollar weakens.
  - Exports become more expensive to foreign buyers.
- \_\_\_\_\_ 4. The European Union is an example of a \_\_\_\_\_.
- trade agreement
  - trading barrier
  - trading bloc
  - trade sanction
- \_\_\_\_\_ 5. The global organization that negotiates trade agreements among countries and enforces trade rules among its members is the \_\_\_\_\_.
- National Association of Development Organizations
  - Council of Development Finance Agencies
  - State Science and Technology Institute
  - World Trade Organization
- \_\_\_\_\_ 6. Which of the following is *not* one of the four Ps for a global marketing mix?
- policy
  - place
  - product
  - promotion
- \_\_\_\_\_ 7. With which two countries did the United States form the North American Free Trade Agreement (NAFTA)?
- Columbia and Peru
  - Canada and Mexico
  - Canada and Brazil
  - Argentina and Mexico

- \_\_\_\_\_ 8. Another term for *outsourcing* is \_\_\_\_\_.  
A. contract manufacturing  
B. offshoring  
C. franchising  
D. licensing
- \_\_\_\_\_ 9. Which economic factor includes the type of work people in a country are able to do and minimum rates of pay?  
A. foreign exchange rate  
B. standard of living  
C. labor  
D. infrastructure
- \_\_\_\_\_ 10. Which of the following items is *not* considered a common economic indicator?  
A. inflation  
B. unemployment rate  
C. stock market  
D. foreign exchange rate
- \_\_\_\_\_ 11. The businesses, people, and activities involved in manufacturing and delivering products are commonly known as a(n) \_\_\_\_\_.  
A. infrastructure  
B. supply chain  
C. trading bloc  
D. marketing mix
- \_\_\_\_\_ 12. The parent company that owns a chain of goods or services and allows other companies to purchase the right to use its brand in a specific area is the \_\_\_\_\_.  
A. franchisor  
B. franchisee  
C. franchise  
D. licensee
- \_\_\_\_\_ 13. What is the purpose of FOREX?  
A. It is a financial marketplace for buying and selling currencies of different countries.  
B. It negotiates trade agreements and enforces trade rules.  
C. It lowers or eliminates trade barriers among member countries.  
D. It establishes a common currency among major trading blocs.
- \_\_\_\_\_ 14. Which of the following countries is *not* a major trading partner with the European Union?  
A. China  
B. Russia  
C. India  
D. United States

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- \_\_\_\_\_ 15. The United States limits the amount of beef that can be imported in order to protect domestic producers. This is an example of a(n) \_\_\_\_\_.
- A. embargo
  - B. tariff
  - C. quota
  - D. sanction

### Matching

*Match the following terms and identifying phrases.*

- A. demographics
- B. embargo
- C. franchise
- D. joint venture
- E. licensing
- F. offshoring
- G. quota
- H. tariff
- I. trade barrier
- J. trade sanction

- \_\_\_\_\_ 16. Limit on the amount of a product that can be imported during a specific period of time.
- \_\_\_\_\_ 17. Selling the right to manufacture a business's products or use its trademark.
- \_\_\_\_\_ 18. Prohibits only the import of specific products; other products are not affected.
- \_\_\_\_\_ 19. Partnership of two or more companies that work together for a specific business purpose.
- \_\_\_\_\_ 20. Qualities of a specific group of people including age, gender, income, ethnicity, education level, occupation, marital status, and family size.
- \_\_\_\_\_ 21. Any government action taken to control or limit the amount of imports.
- \_\_\_\_\_ 22. Governmental tax on imported products.
- \_\_\_\_\_ 23. Right to sell a company's goods or services in a specific area in return for royalty fees.
- \_\_\_\_\_ 24. Moving sections of a business to another country.
- \_\_\_\_\_ 25. Governmental order that prohibits trade with a foreign country.

### Completion

*Complete each statement.*

26. The connection among nations around the world when their economies move goods, labor, and money across borders is known as \_\_\_\_\_.
27. A(n) \_\_\_\_\_ currency has an exchange rate set by the market forces of supply and demand in the foreign exchange market.

28. A nation's \_\_\_\_\_ is its body of laws related to the exchange of goods and services for international trade.
29. When a country attempts to protect its domestic industries by imposing trade barriers on foreign competitors, the country is practicing \_\_\_\_\_.
30. Another name for an import duty is \_\_\_\_\_.
31. A document known as a(n) \_\_\_\_\_ lists the conditions and terms for importing and exporting products between countries.
32. In a(n) \_\_\_\_\_ zone, countries have reduced or eliminated trade barriers among themselves.
33. When a business licenses the right to manufacture a product, the licensee pays a fee known as a(n) \_\_\_\_\_ in exchange for the right to make the product.
34. A company that does business in more than one country is known as a \_\_\_\_\_ corporation.
35. Before a company completes a marketing plan, it performs a(n) \_\_\_\_\_ scan to analyze external factors.
36. The transportation systems and utilities necessary to do business in a modern economy are collectively called \_\_\_\_\_ and are considered a type of capital.
37. The shared beliefs, customs, practices, and social behavior of a nation is its \_\_\_\_\_.
38. Global \_\_\_\_\_ includes activities that identify, anticipate, and satisfy customer demand for products in countries around the world while making a profit for the business.
39. The purpose of product \_\_\_\_\_ is to customize existing products to sell better or appeal more widely in a foreign market.
40. The cost to convert one currency into another is the \_\_\_\_\_ rate.

**Short Answer**

41. What is the difference between an absolute advantage and a comparative advantage?
42. How is international trade different from global trade?
43. What factors influence how a nation's currency functions in the global market?
44. List four examples of factors that can affect the exchange rate of currency.

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45. What are the advantages and disadvantages of licensing a product or trademark?
46. What political factors affect the success of a business that operates in a foreign country?
47. Why should a business evaluate the standard of living of the population in a potential market?
48. In what ways do cultural beliefs affect how people make economic decisions?
49. Why should a business carefully research social factors in the countries in which it intends to conduct business?
50. Describe the marketing mix for global marketing.