

SUVA SANGAM COLLEGE

YEAR 11

ECONOMICS

WORKSHEET 11

Questions

1) Define the term international trade.

2) Table below shows output per unit of labor for the two countries: Australia and New Zealand. Use the table and with your knowledge answer questions (i) to (iii).

	Wine (bottles)	Cheese (packets)
Australia	8	6
New Zealand	4	6

(i) Define gains from trade.

(ii) Determine the comparative advantage for each country, Australia and New Zealand.

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(iii) State one factor that would contribute to the gains from trade of a country.

3) Use the table below and your knowledge to answer the questions that follows.

Year	Export Price Index	Import Price Index
2018	140	160
2019	220	180

Required: Calculate the Terms of Trade for the years 2018 .

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