



**ASSIGNMENT 2ND SEMESTER : INTRODUCTION TO
INTERNATIONAL TRADE (IIT)**

STUDY UNITS COVERED : STUDY UNITS 1 - 6

DUE DATE : 3.00 p.m. 17 AUGUST 2010

TOTAL MARKS : 100

INSTRUCTIONS TO CANDIDATES FOR COMPLETING AND SUBMITTING ASSIGNMENTS

The complete 'Instructions to Students for Completing and Submitting Assignments' must be collected from any IEX office, or the relevant Student Support Centre, or can be downloaded from the IMM website. It is essential that you study the complete instructions prior to beginning your assignment. The following points highlight only a few important notes:

- 1) You are required to submit ONE assignment per subject.
- 2) The assignment will contribute 20% towards the final examination mark, and the other 80% will be made up from the examination, however, the examination papers will count out of 100%.
- 3) Although your assignment will contribute towards your final examination mark, you do not have to earn credits for admission to the examinations; you are automatically accepted on registering for the exam.
- 4) Number all the pages of your assignment (e.g. page 1 of 4), and write your name and surname, student number and subject at the top of **each** page.
- 5) The IEX requires assignments to be presented in a typed format and on plain A4 paper. This assignment must be completed within a limit of 1500 words, excluding the bibliography.
- 6) A separate assignment cover, which is provided by the IEX, must be attached to the front of each assignment.
- 7) Retain a copy of each assignment before submitting in case the original does not reach the IEX.
- 8) The assignment due date refers to the day up to which assignments will be accepted for marking purposes. The deadline is 3:00 p.m. on 17 August 2010. Late assignments will be accepted, but **25 marks** will be deducted from the maximum mark, if received after 3:00 p.m. on 17 August 2010 and up to 5:00 p.m. the following day, after which no assignments will be accepted.
- 9) If you fail to follow these instructions carefully, the IEX cannot accept responsibility for the return of the assignment. It may even result in your assignment not being marked.

Results will be available on the IEX website, www.iex.co.za on Friday, 8 October 2010.

SPECIFIC INSTRUCTIONS:

In Part 1, set out your answers clearly, using as many words as you need to convey the correct meaning.

You should set out your answer to Part 2 using appropriate headings and sub-headings. If you prefer to put your thoughts across in bullet points rather than in long sentences, this is quite acceptable. Your answer to Part 2 should not exceed 750 words.

PART 1**[50]**

There are 10 statements below. Please state – *in your own words* – whether or not each one is true or false, giving the *full* reasons for your answer. Note that you must read the statement carefully and take note of the actual words that are used. Some statements are complex and part may be true but another part false. In such a case you should say so and correct the part that is false.

Each correct answer carries 5 marks.

1. A country's balance of payments is the difference between the amount of money it borrows from other countries and the number of loans that it pays back in a particular year.
2. Opportunity cost is the share of profit that South Africa, for example, has to pay out to foreign investors when they invest in profitable businesses in South Africa.
3. International trade could not take place until money – in the form of coins and notes – was invented.
4. A bill of exchange in international trade enables the seller to exchange his goods for money, which the buyer pays as soon as he signs the Bill.
5. The three major resources used to produce goods and services to satisfy human wants are land, minerals and oil/natural gas.
6. There is no point in a country specialising in producing a narrow range of goods and services if it does not trade with other countries.
7. Comparative advantage is totally dependent on the relative cost and availability of labour, capital and natural resources.
8. Dumping of goods on foreign markets is always caused by government export subsidies.
9. A country that now has a favourable balance of trade has an inflow of precious metals, such as gold and silver. South Africa has an unfavourable balance of trade because it exports gold and small amounts of silver.
10. A free market system means that the volumes and values of goods and services traded are based on supply and demand.

PART 2

[40]

After the dissolution of the USSR, the Commonwealth of Independent States (CIS) finally emerged. The CIS is a loose economic and political alliance with open borders but no central government. The CIS consists of the Russian Republic and 11 other independent republics.

The assignment requires you to:

- Name the members of the CIS and their capital cities.
- Indicate their location on the accompanying sketch map; you may use numbers on the map and provide a key (don't forget to include the map with your completed assignment).

Ensure that you spell all names correctly.

PRESENTATION

[10]

ASSIGNMENT TOTAL: 100

SKETCH MAP OF COMMONWEALTH OF INDEPENDENT STATES

