

## Reasons for foreign trade.

### Assessment Task

#### **Reasons for trade with the foreign sector (Individual activity) (LO1 AS2)**

Study the information below and answer the question that follows.

The world is a diverse place. All countries have needs and wants, but not all countries have the same natural resources. This is why trade with the foreign sector takes place. Some countries need resources that other countries have in abundance. These countries can't use up all their own resources, so they are in a position to sell these to other countries who need the resources. In developing countries the level of technological development is not as advanced as in developed countries. This is because developed countries have more wealth that enables them to invest more in human resource development. They can afford to experiment with and develop the newest technology. This means that developing countries often have to import technology, rather than developing it themselves. Some countries have moderate temperatures which make it possible for them to cultivate certain crops, whilst the conditions in other countries allow them to keep livestock. Countries can then trade with each other to satisfy their needs and wants. The speed and reliability of transport and communication worldwide have made it possible for countries to communicate with each other at the speed of sound. This allows countries to build ties with trading partners, even if these partners are on the other side of the world.

Complete the table below using the information as a guideline. Provide an example from South Africa for each of the reasons given.

<b>Reason why SA trades with foreign countries</b>	<b>Example of something South Africa exports for this reason</b>	<b>Example of something South Africa imports for this reason</b>
Availability of resources		
Climate differences		
Level of technology		

#### **Self-assessment checklist**

<b>Criteria</b>	<b>Yes</b>	<b>No</b>
I understand the reasons for international trade.		
I could name examples of imports and exports that occur due to these reasons.		
I found the activity relatively easy, because the subject interests me.		