

Q1a) Study Fig. 3.2, a world map. Shade and label two countries that are major importers of products from Pakistan

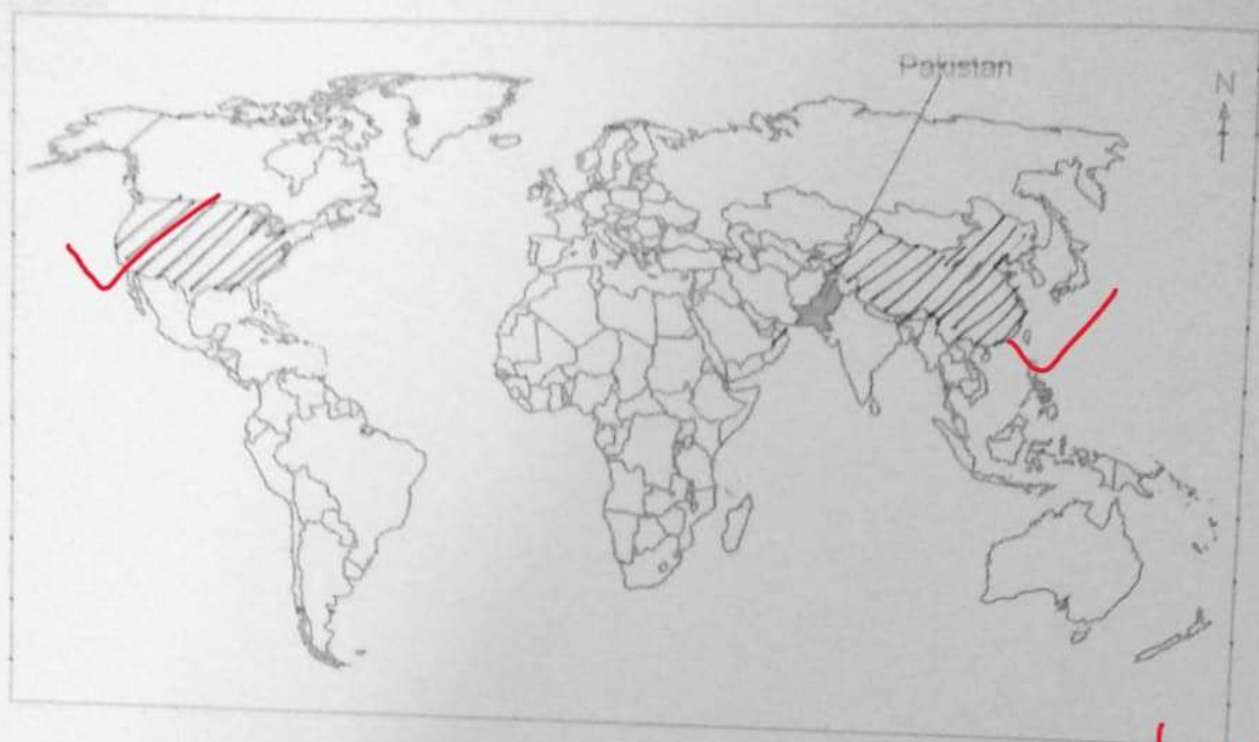


Fig. 3.2

[2]

b) Name three major products that are imported into Pakistan.

1. Edible oil
2. Crude oil
3. electronics and appliances.

[3]

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c) Define the term "trade deficit".

.....The cost of a countries imports subtracted by cost of the exports.....

[1]

d) Study Fig. 3.3, a bar graph showing the exports and imports of Pakistan in millions of rupees.

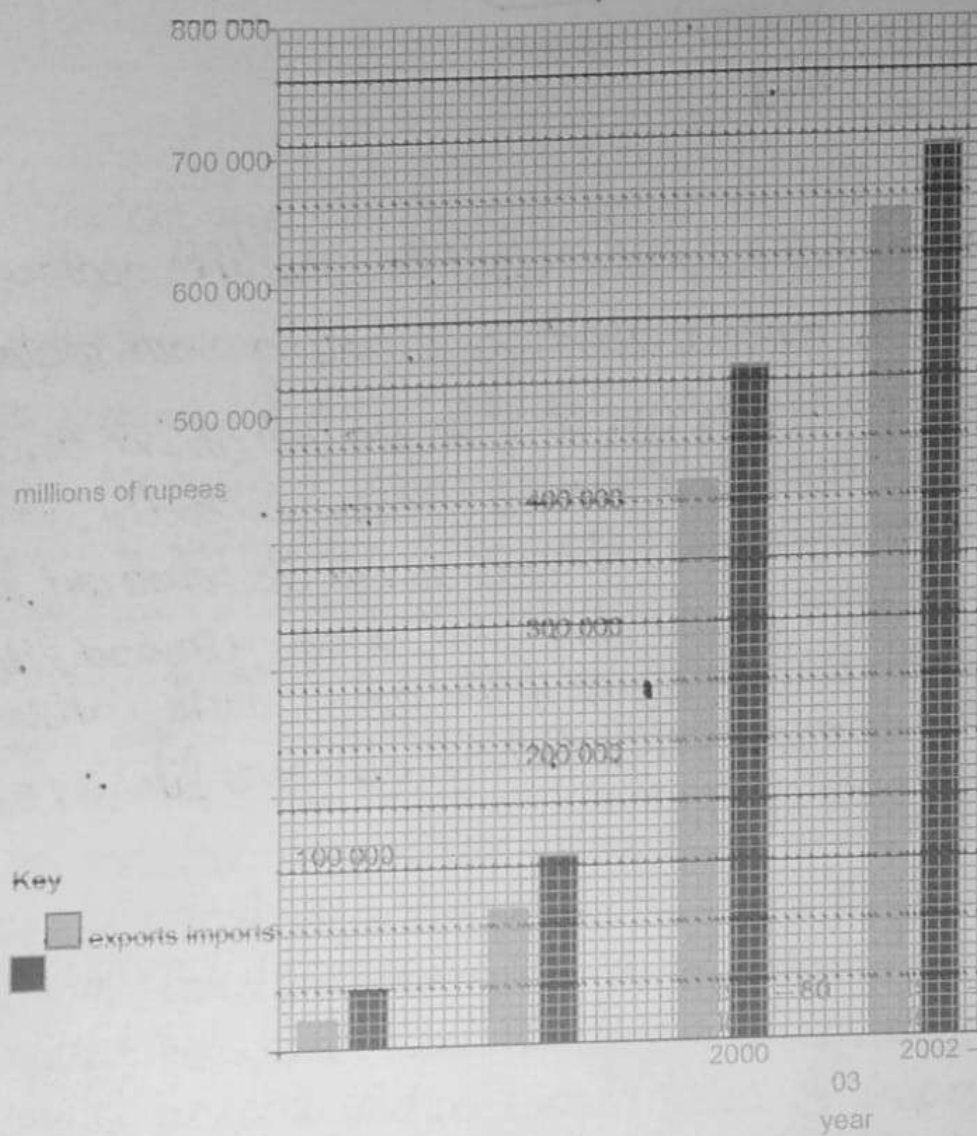


Fig. 3.3

A Calculate the trade deficit for 1979-1980.

+23519

-90114

-23519

+46929

Circled one correct answer below.

B Identify how the trade deficit has changed from 1979 to 2003. answer below.

one correct

~~the same~~

stayed

decreases

[2]

e) Explain why Pakistan has a trade deficit. You should develop your answer.

[4]

e) Pakistan has a trade deficit for multiple reasons. Firstly, large sums of money is spent on importing raw materials and machinery for industry as lots of the products like iron ore, coke and parts of machinery are not found in Pakistan. Secondly, non-essential and luxury items are imported in like like perfumes and luxury cars. Food and meat is also imported from abroad like wheat and seed oil to feed large population despite Pakistan being an agricultural country. Lastly, electronic appliances like a/c and cars also add to this

- 7) The negative Balance of Payments needs to be corrected in order to ensure future economic growth. Read the following two views about correcting the Balance of Payments in Pakistan:

A

The best way to correct the Balance of Payments is to increase exports.

B

The best way to correct the Balance of Payments is to restrict imports.

Which view do you agree with more? Give reasons to support your answer and refer to examples you have studied. You should consider View A and View B in your answer.

Pakistan is a country with access to lots of resources and ports which are waiting to be used. Increasing exports would cause ~~F~~ rapid industrial development as demand for product ^{would} increase. Secondly, relations with ~~prosperous~~ countries would improve by establishing trade relations with them. Thirdly, more employment would be generated as ports and industries would require more ~~in~~ staff. However, Restricting imports are also beneficial because. Firstly, it would ~~not~~ improve the negative BOP by stimulating the industries to produce goods. Employment in industries would also be generated. However, products made within Pakistan would not be of same quality as imported ones. Furthermore, the burden on internal resources would increase and we would need to import more raw materials for industries. Overall, View A is better as Pakistan is heavily reliant on imports and placing sanction on it would not be wise. 5

[TOTAL: 18]