

Selling to the world: what happens when markets and currencies cross borders?

Syllabus section 6.2 Globalisation, protectionism, multinational companies and exchange rates

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Running case: Northbank Glass · 55 minutes

How this topic is examined

Paper 1 • Short answer and data response

Define [2] • Identify [2] • Calculate a price [2]

Outline [4] • Explain [6]

Explain one benefit and one problem... [6]

Do you think... Justify your answer [6]

Paper 2 • Case study

Explain two ways the change in the exchange rate might affect... [8]

Consider two ways to expand abroad. Which should the business choose? Justify your answer [12]

Typical questions on this topic

Define 'globalisation' or 'exchange rate depreciation'. [2]

Calculate the price of the product in the foreign currency. [2]

Outline two threats to [business] from globalisation. [4]

Explain one benefit and one problem to a country of an MNC locating there. [6]

Do you think governments should protect businesses from foreign competition? [6]

Consider three ways [business] could respond to the exchange rate change. Which? [12]

By the end of this lecture you can...

- 1 Explain what globalisation is and why it has grown.
- 2 Explain the opportunities and threats of globalisation for businesses.
- 3 Explain why governments use tariffs and quotas, and their effects.
- 4 Explain why businesses become multinationals, and their effects on host countries.
- 5 Explain appreciation and depreciation, and calculate their effect on prices.
- 6 Explain how exchange-rate changes affect importers and exporters.

END OF PREVIEW

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