

SECOND TERM E-LEARNING NOTE**SUBJECT: COMMERCE****CLASS: SS1****SCHEME OF WORK**

| WEEK | TOPIC |
|-------------|--------------------------------------------------------------|
| 1 | Foreign Trade – Introduction |
| 2. | Balance of Trade, Term of Trade, Balance of Payments etc |
| 3. | Foreign Trade – Structure and Procedures |
| 4 | Foreign Trade – Stages and Documentation |
| 5 | Customs and Exercise Authority |
| 6 | Terms of Quoting Prices /Methods of Payment in Foreign Trade |
| 7 | Ports Authority |
| 8-9 | Transportation |
| 10 | Water Transportation |

WEEK ONE**DATE****TOPIC: FOREIGN TRADE****CONTENT**

- 1) Reasons for foreign trade
- 2) Advantages and disadvantages of foreign trade
- 3) Barriers to foreign trade
- 4) Classification of foreign trade

NOTES

Foreign trade or international trade or external trade is the exchange of goods and services between two or more countries e.g. Nigeria, Japan and USA

Reasons for International Trade

- 1) Uneven distribution of natural resources
- 2) Differences in climatic conditions
- 3) Differences in skills and technical know-how i.e. technological difference
- 4) Differences in the cost of production
- 5) To augment domestic production of goods and services
- 6) The need to expand existing market for products
- 7) The differences in quantity and quality of labour force
- 8) The need to establish relationship with other countries

IMPORTANCE (ADVANTAGES) OF FOREIGN TRADE

- 1) It increase government revenue through taxes such as import duties, export duties etc.
- 2) It improves the standard of living of participating countries by making available products that cannot be produced by a country
- 3) It encourages international specialization and its resultant increase in total output
- 4) It fosters friendly relationship among nations
- 5) It is a source of foreign exchange earnings
- 6) It promotes the transfer of technology
- 7) It creates employment opportunities in participating countries
- 8) It widens the world market
- 9) It enhances the promotion of economic development

DISAVDANTAGES OF FOREIGN TRADE

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- 1) It may lead to the destruction of cultural and moral values of a country
- 2) Excessive specialization may lead to over-production of goods in a country
- 3) It encourages dumping of goods
- 4) It may lead to structural unemployment
- 5) It leads to over-dependence of countries on each other
- 6) It creates balance of payments problems
- 7) It creates distortions in the economy e.g. neglect of the agricultural sector in Nigeria
- 8) It leads to the importation of harmful goods.2

EVALUATION

1. What five benefits does Nigeria derive from engaging in foreign trade
2. State seven differences and three similarities between foreign trade and internal trade

PROBLEMS OR DIFFICULTIES ENCOUNTERED IN FOREIGN TRADE (OR BARRIERS TO FOREIGN TRADE)

- 1) Problem of distance, transportation costs etc.
- 2) Currency differences and exchange rate risks
- 3) Differences in...