



對外經濟貿易大學  
UNIVERSITY OF INTERNATIONAL BUSINESS AND ECONOMICS

## *Unit 2*

# Hot Issues in International Trade

## 国际贸易的热点问题

# ✓ Learning objectives

- In this unit students will learn words and expressions related to international trade.
- Students will be able to talk about the hot issues related to international trade such as trade relations, trade deficit, trade barriers, and trade disputes etc.

# Background reading

## Notes:

1. outsourcing: work done for a company by people other than the company's full-time employees 外包
2. prevalence: the condition of being prevalent, being widespread 普遍; 盛行; 流行。He was surprised by the prevalence of optimism about the future.
3. Mercantilism: economic system of the major trading nations during the 16th, 17th, and 18th century, based on the premise that national wealth and power were best served by increasing exports and collecting precious metals in return. 重商主义
4. paramount: greater than all others in importance or influence 最高的; 至上的; 首要的。The interests of the consumer should be paramount.
5. GATT: General Agreement on Tariffs and Trade provided the framework for most important international tariff negotiations from 1947 until 1994 关贸总协定

6. World Trade Organization: established in 1995, the international organization which resulted from the Uruguay Round of GATT negotiations. It is intended to promote world trade between member nations, administer global trade agreements and resolve disputes when they arise. 世界贸易组织，其前身为关贸总协定
7. autarchy: economic independence or self-sufficiency; a country that practices this system 自给自足；实行自给自足政策的国家
8. proponent: a person who supports or argues in favor of something; advocate 支持者；辩护者；鼓吹者
9. lobby: a group of people who unite for or against a planned action in an attempt to persuade those in power to change their minds. 游说团体
10. the Great Depression: Worldwide economic collapse following the stock market crash in 1929, in which unemployment remained high for an extended period and many businesses failed. 大萧条

11. MERCOSUR: (Mercado Común del Sur) the Common Market of the South; a multilateral agreement on trade, including agricultural trade, between Argentina, Brazil, Paraguay and Uruguay. The agreement was signed in 1991 and came into effect on 1 January 1995. Its main goal is to create a customs union between the four countries by 2006. 南方共同市场
12. NAFTA: North American Free Trade Agreement. A 1994 agreement reached by the United States, Canada, and Mexico that instituted a schedule for the phasing out of **tariffs** and eliminated a variety of fees and other hindrances to encourage **free trade** between the three North American countries. 北美自由贸易协定
13. Free Trade Area of the Americas (FTAA): The Free Trade Area of the Americas (FTAA) is the expansion of the North American Free Trade Agreement (NAFTA), aiming to eliminate the remaining barriers to the free flow of money, goods and services across borders in the Western hemisphere (excluding Cuba), to create one huge integrated open market. 美洲自由贸易区

# Answer to the comprehension questions:

1. What is international trade?

--International trade is the exchange of goods and services across international borders.

2. How was international trade traditionally regulated and how is it now regulated?

--Traditionally international trade was regulated through bilateral treaties between two nations. The regulation of international trade is done through the World Trade Organization at the global level, and through several other regional arrangements such as MERCOSUR in South America, NAFTA between the United States, Canada and Mexico, and the European Union between twenty-five independent states.

3. What is agricultural interests' attitude toward free trade?

--Traditionally agricultural interests are usually in flavor of free trade. This has changed somewhat in recent years, however. In fact, agricultural lobbies, particularly in the United States, Europe and Japan, are chiefly responsible for particular rules in the major international trade treaties which allow for more protectionist measures in agriculture than for most other goods and services.

4. When is there often strong domestic pressure to increase tariffs?

-- During recessions there is often strong domestic pressure to increase tariffs to protect domestic industries.



# Part A

## First listening: listen for the gist

1. What is the main idea of news item one?--China has been subject to increasing foreign anti-dumping, anti-subsidy, protection measures and special safeguard investigations since its entry into the World Trade Organization. The amount of money involved in such cases have been on the rise. China has suffered the most in anti-dumping investigation in the world for nine consecutive years.



2. **What is the main idea of news item two?--A second round of negotiations between China and the United States aimed at resolving a dispute over textile trade broke down Thursday despite their best efforts. The date and location of the next round will be consulted over the next few days.**

## Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.
- Notice how these expressions are related to international trade disputes.

- free trade, dumping, subsidy, trade imbalance, trade deficit, fair trade, protection measures, special safeguard, trade barrier, import tariff, import quota, anti-dumping investigations, anti-subsidy measures, anti-dumping duties, countervailing duty, trade retaliation, trade sanctions, compensation, WTO, rounds of negotiations, consultations, trade dispute settlement
- Ask students to do True (T) or False (F) questions for news item one. Compare answers. Explain why it is true or false.
- Ask students to fill in the blanks with the correct words. Compare answers.

# Third listening: sentences imitation

- Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).

1. to be subject to -- China has been subject to increasing foreign anti-dumping, anti-subsidy, protection measures and special safeguard investigations since its entry into the World Trade Organization.
2. consecutive -- China has suffered the most in anti-dumping investigation in the world for nine consecutive years.
3. to launch -- Starting from 1979 to the end of September 2004, 34 countries and regions launched altogether 665 disputes of anti-dumping, anti-subsidy protection measures and special safeguard investigations against Chinese products
4. to suffer a loss -- Because of this China suffered a tremendous economic loss valued at US\$19.1 billion in terms of foreign trade.

5. to resolve a dispute -- A second round of negotiations between China and the United States aimed at resolving a dispute over textile trade broke down Thursday.
6. to consult with -- We will be consulting with the Chinese over the next few days on the date and location of the next round.
7. to surge -- U.S. manufacturers say Chinese clothing imports, which have surged after a worldwide quota system expired on Jan. 1, are costing them profits and jobs.
8. to be sensitive -- The dispute is especially sensitive amid rising American frustration at the country's soaring trade deficit with China, which reached a record \$162 billion last year.

# Part B

## First listening: listen for the gist

What is the main idea of this listening?

In this interview, Governor of the People's Bank of China Zhou Xiaochuan talked about the exchange rate of the Chinese currency Renminbi (RMB) and China's trade balance. He points out that China currently pursues a unified, managed floating exchange rate regime based on market supply and demand of foreign exchange. The Chinese government does not pursue trade surplus, but rather aims at a rough overall balance in the current account. When asked whether it is possible to address Sino-US trade imbalance by means of exchange rate, Zhou answered that a country's exchange rate depends on the country's overall trade balance rather than on bilateral trade balance. Bilateral trade balance may be affected by structural, policy and other factors. The US trade deficit may be attributable to structural imbalances and fiscal deficits in the United States rather than the RMB exchange rate.

## Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.
- Notice how these expressions are related to foreign exchange rate and trade balance.
- fixed exchange rate, floating exchange rate, managed floating exchange rate regime, currency appreciation, devaluation, the floating band, foreign exchange control, current account balance, trade surplus, trade deficit, foreign reserves growth, capital inflow, balance of payments, bilateral trade balance, multilateral-trade balance, structural imbalances and fiscal deficits



- Ask students to fill in the table with correct information to make a summary of the interview. Compare answers.
- Ask students to answer the following questions. Compare answers.

# Third listening: sentence imitation

1. Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).
2. to come into existence -- China's current unified, managed floating exchange rate regime based on market supply and demand of foreign exchange came into existence in 1994.
3. to appreciate -- Between 1994 and 1997, the exchange rate of the RMB against the US dollar appreciated from 8.7 1, reflecting the feature of a managed float regime.

4. floating band -- At the end of 1997, at the request of neighboring economies and international institutions, China substantially narrowed the floating band of the RMB exchange rate to help reduce the shock of the Asian financial crisis and dispel the fear of RMB devaluation.
5. to pursue -- The Chinese government does not pursue trade surplus, but rather aims at a rough overall balance in the current account.
6. to be compatible with -- Since China recorded limited foreign reserves in the 1990s, it was necessary to expand them to be compatible with the level of import and external debts.
7. to entail -- It was not until the end of 2001 that China was accepted as a member of WTO, which entailed a series of trade reforms.

8. to turn out -- It turned out that while China's import in 2002 recorded a rapid expansion, export also surged, resulting in a trade surplus of 30.4 billion US dollars.
9. to relax restrictions -- In the five years following the accession to WTO, China will continue to cut tariff and relax quantitative import restrictions.
10. to surpass -- Since the beginning of this year, the growth of China's imports has accelerated, surpassing that of exports.
11. to call for -- International trade theories and WTO spirit call for multilateral-trade balance rather than bilateral trade balance.

8. given -- Given the two countries' existing economic and trade structure, the United States would continue to have big trade deficit with China.
9. to be attributable to -- The US trade deficit may be attributable to structural imbalances and fiscal deficits in the United States rather than the RMB exchange rate.

# Part C

## First listening: listen for the gist

- What is the main idea of this listening?
- With protectionist sentiment mounting on Capitol Hill in recent months, China finally allowed its currency to edge higher against the dollar last week. However, many U.S. manufacturers and policymakers countered that the increase was too small to dent the soaring U.S. trade deficit with China. The yuan has risen only 2 percent against the dollar under the new system -- and Chinese officials have warned investors not to expect a rapid appreciation. Although Washington has a lot of leverage over Beijing, its position is compromised due to the increasingly complex relationship between the two countries. Trade retaliation would be as risky as it would be satisfying.

## Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.
- Notice how these expressions are related to U.S.-China trade deficit.
- soaring U.S.-China trade deficit, the shortfall between exports and imports, the huge U.S. appetite for low-cost Chinese appliances , access to the U.S. market, protectionist sentiment mounting on Capitol Hill, depegging the yuan to dollar

- Ask students to fill in the blanks with the correct words.  
Compare answers.
- Ask students to fill in the table with exact figures.  
Compare answers.



# Third listening: sentence imitation

- Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).
1. to edge -- When China finally allowed its currency to edge higher against the dollar last week, many U.S. manufacturers and policymakers countered that the increase was too small to dent the soaring U.S. trade deficit with China.

2. to scrap -- With protectionist sentiment mounting on Capitol Hill in recent months, Beijing scrapped a decade-old policy of pegging the renminbi, or yuan, to the dollar.
3. to slap -- Why not retaliate by slapping duties on Chinese imports, as Congress has threatened to do?
4. to fuel -- China's economic boom is fueled by the huge U.S. appetite for low-cost Chinese appliances, furniture, textiles -- and components for the auto and other U.S. industries.
5. leverage -- Washington has a lot of leverage over Beijing.
6. access to -- China needs access to the U.S. market to create jobs and preserve stability -- the No. 1 priority in China.