



The story continues...

EU versus USA trade war looms



While returning from the supermarket, Gary and Jean heard a news report on the radio about a looming potential trade war between the USA and the European Union. According to the news, the USA has breached international trade rules agreed with the **World Trade Organisation (WTO)** by imposing illegal **tariffs** on imports of steel from the EU. The USA introduced this **protectionist** measure in 2003 to protect its own struggling steel industry from cheaper foreign imports. In retaliation, the EU has said that it will take retaliatory action against the USA by imposing tariffs on up to €6 billion worth of American imports if the US Government does not lower its steel tariffs. A number of Asian countries have joined with the EU in demanding that the Americans comply with the agreed trade rules.

The EU is threatening to retaliate by putting tariffs on products produced in key American states, whose votes President Bush needs to win in the Presidential election later this year. If the USA does not back down, then a trade war with the European Union becomes more likely, with each side imposing tariffs on imports from the other.

1. Explain the underlined terms.
2. Gary works for a company exporting specialist software to the USA while Jean works in clothing firm that competes against large American brands. What effect might such a trade war have on each of their jobs?

Ireland and the Global Economy – Summary



Ireland has a very open economy and exports a very large percentage of its output. For a country, as the level of exports out from the economy increases, the level of money flowing back in the form of customer payment also increases. A favourable balance of payments will increase the level of demand and economic growth within an economy. On the other hand, rises in imports means money flowing out of the economy, as well as increasing competition for Irish producers on the domestic market.

Internationally there is a strong trend away from _____ policies and towards free trade between countries that are members of trading blocs. However, protectionist policies between trading blocs such as the EU and NAFTA remain in place to protect indigenous industries. This trend towards freer international trade is also reflected in government policies of deregulation.

Despite Ireland's location on the edge of Europe, it has a number of advantages when it comes to international trade, including membership of the EU and high education levels. For firms, exporting presents opportunities to attract more customers, diversify out of the domestic market and expand the business to achieve the _____ of scale that can allow businesses to become financially efficient.

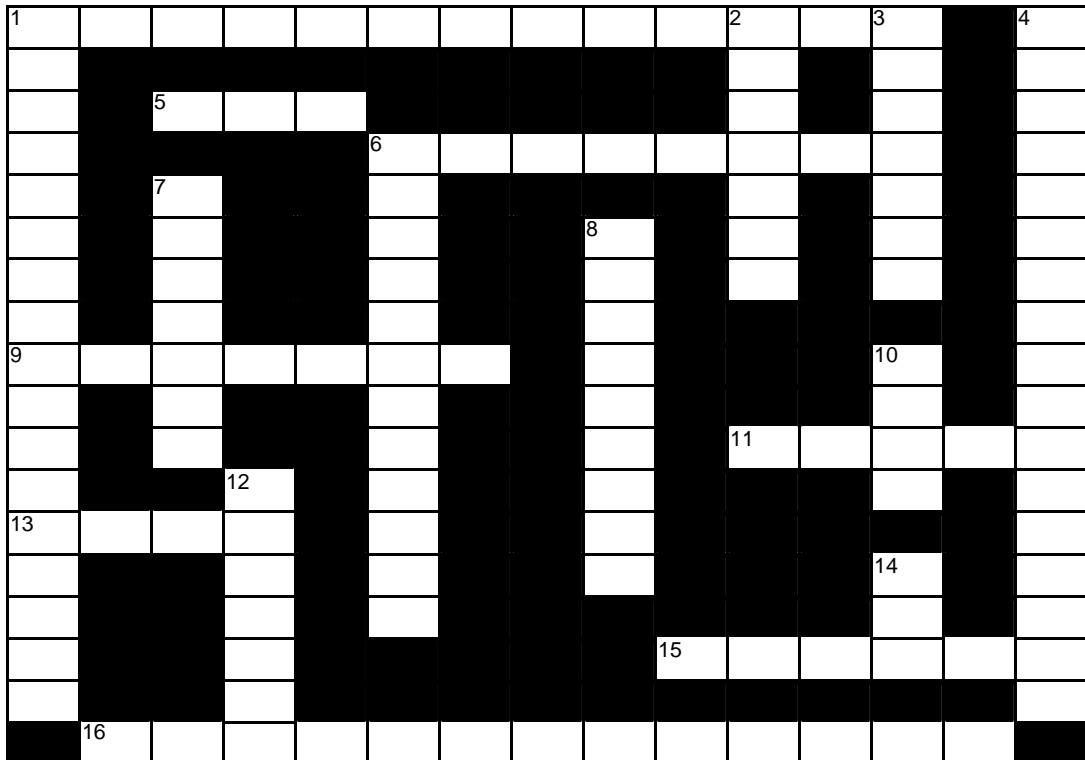
However, international trade also means longer transport distances, lots of paperwork and delays when exporting to countries outside of the EU and also adjusting the marketing mix to accommodate the needs of different nationalities, cultures, laws and languages

Ireland shares the Euro currency with many other EU countries. This eliminates the risk of _____ rate fluctuations when trading with these countries. Trading with countries such as the USA and Japan that have currencies different than the Euro can prove more uncertain and difficult.

Score: _____ out of 3



**Crossword 24 –
Ireland and the Global Economy**



CLUES

Across

1. The price of one country's currency expressed in terms of another currency (8, 5)
5. Initials of an organisation that promotes international trade and gives foreign currency loans to countries (3)
6. One of these on 4 down means a country is paying out more than it is earning (7)
9. The opposite of 6 across (7)
11. A limit on the amount of certain goods that can be imported (5)
13. What you have to study for (4)
15. A good or service bought from other countries (6)
16. The Kerry Group had to deal with these kind of barriers when expanding abroad (13)

Down

1. The state agency that promotes exports from Ireland by assisting firms in international marketing (10, 7)
2. Taxes on imported goods (6)
3. Money paid by a government to help a firm cover their operating costs and keep their prices competitive (7)
4. The difference between all the money transactions between Ireland and the rest of the world, both visible and invisible (7, 2, 8)
6. This allowed RyanAir to enter the air travel market in Ireland (12)
7. Goods or services sold to other countries (6)
8. When trade between countries is not restricted in any way by barriers such as 2 down (4, 5)
10. The EU is an example of a trading ____ (4)
12. A ban preventing the import or export of specified goods (7)
14. Initials of an organisation that seeks to reduce or eliminate barriers to 8 down (3)