

Lesson 7 – How is the UK Connected to the Wider World?

1. Look at the graph and complete the hard, harder, hardest below...

Hard = What is this graph showing? Include examples in your answer

Harder = Can you think of examples of products we trade with each country?

Hardest = What type of countries are not present on this graph?



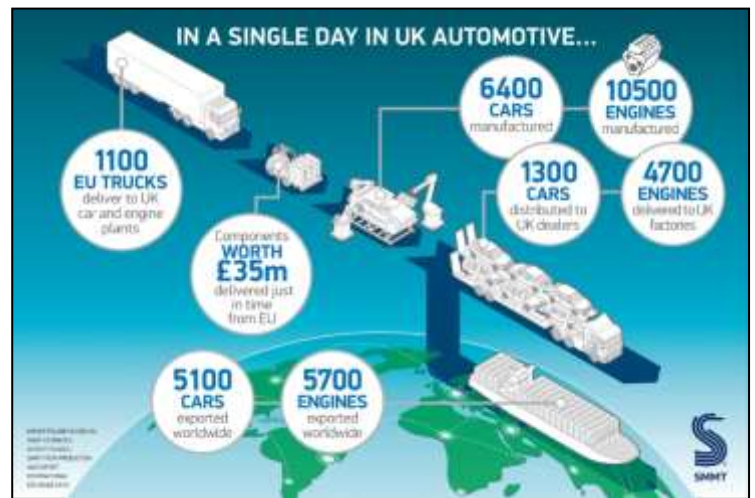
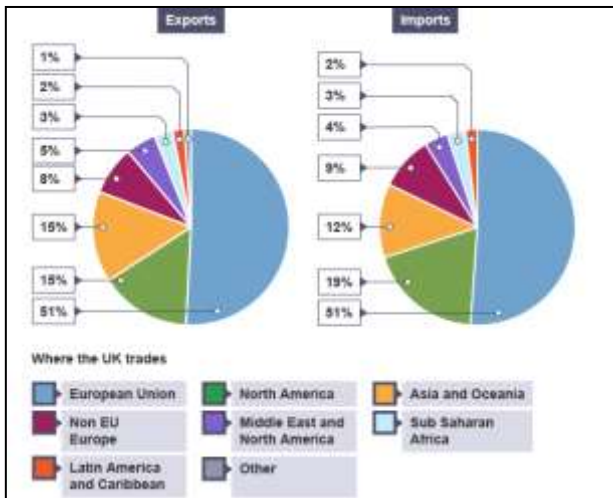
As we already know from past lessons, a lot of the things we as consumers buy comes from another country and this includes our clothing, car, computers, furniture etc. The UK also provides various services (such as tourism and education) and makes products which is then sold to other countries for a profit. This voluntary exchange of goods and services between different countries is called trade and is a key part of globalisation.



This is a key definition – make sure you have this in your books



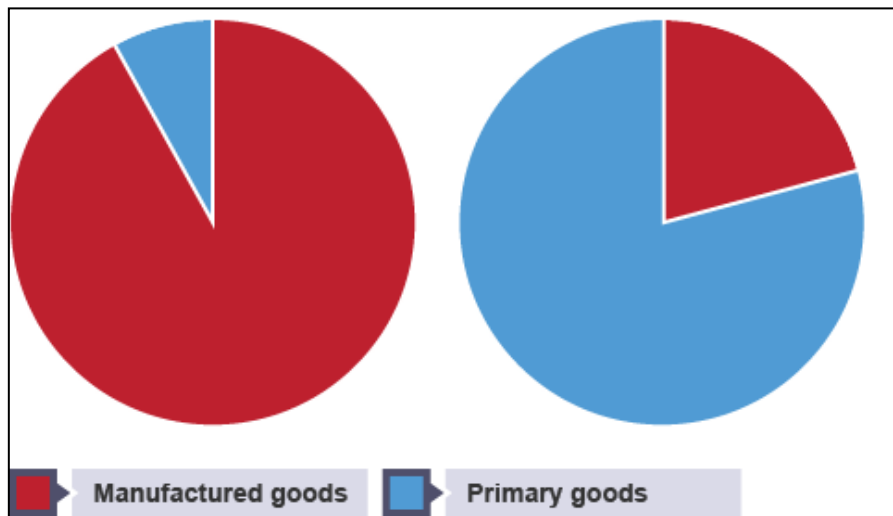
The UK has many trading partners, some play a bigger role than others. The UK's biggest exports include machinery and transport equipment. Some of the main imports into the UK include crude petroleum, cars, refined petroleum, packaged medicines and computers.



2. There are various aspects to trade. Match up the key terms with the definitions. Copy these definitions into your book

Trade term/component	definition
Imports	A tax on imported goods that raises the price.
Subsidy	When a country is not making enough money from the goods it trades
World trade organisation	Goods that are sold to another country
Tariff	A trade policy that does not restrict imports or exports (goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to obstruct their exchange)
Trade deficit	Money given to an industry or business (such as farmers) by the government so they can keep their prices low
Exports	Promotes more socially / environmentally responsible trade. This means that a company accepts responsibility for the labour and human rights practices within its supply chain
Quota	When a country makes money on the goods it trades.
Free trade	An international collection of countries which sets the rules for global trade.
Ethical trade	A limit on the amount of goods that can be imported in a specific period of time.
Trade surplus	Goods bought from another country and then transported in.

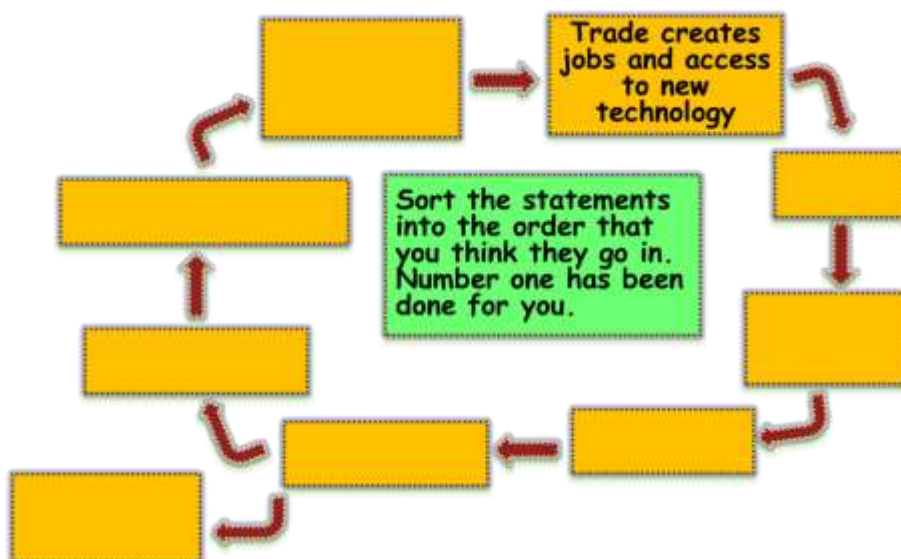
Primary products are natural raw materials that are “extracted” from the land or ocean. They include products of mining, agriculture, forestry and fisheries. Many African countries are still exporting raw materials such as coffee, copper and timber to the developed world.

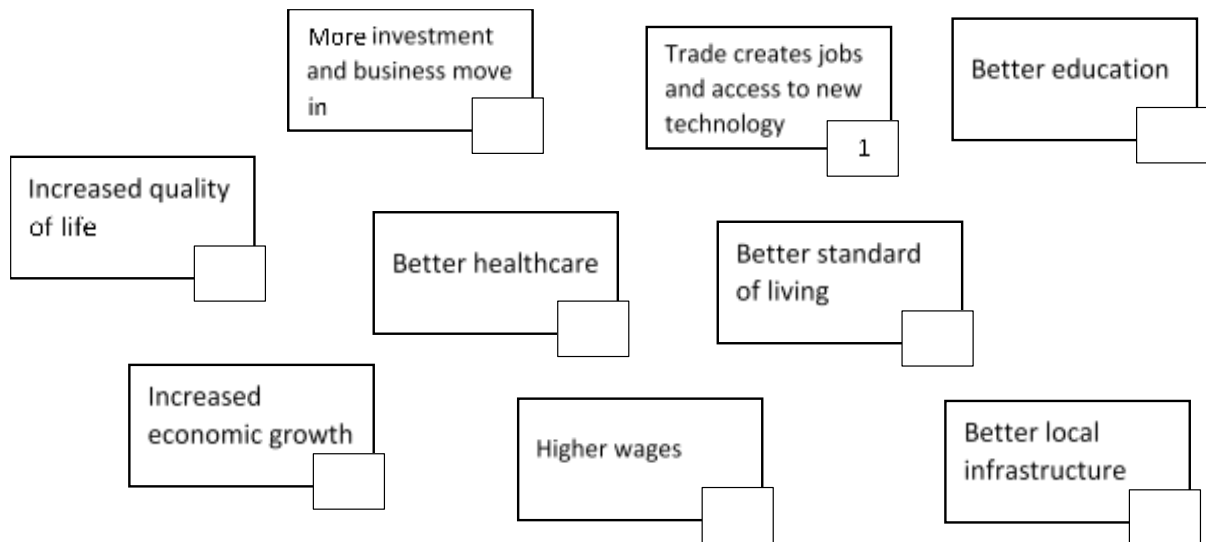


Thinking task: Which pie chart do you think belongs to a LIC and which belongs to a HIC?

We already know that HICs have a high standard of living and (usually) a large GNI. LICs or Developing countries have a low standard of living and (usually) a much lower GNI. In general, HICs export valuable manufactured goods such as electronics and cars and import cheaper primary products such as tea and coffee. This means that they make more money than what they are spending which creates something called a trade surplus. In LICs the opposite is true and so they often have what is called a trade deficit because they are spending more money on the manufactured goods being imported and don't get a lot of money for the primary products they export. This creates debt for LICs as well as lowers their purchasing power (what money can actually buy in other countries). The price of manufactured goods is also steadier than primary products which can change depending on what is happening in the world. This results in LICs struggling to break the cycle of debt and poverty.

3. Trade can bring positive effects to LICs. Sort the statements into the correct order. Write the number of the order that they go in next to the box:





Read the information sheet about the new deal between the UK and Kenya.

In your books, answer the questions below in full sentences:

- When was the deal agreed?
 - What products will be imported into the UK?
 - What products will be exported to Kenya? How much are these products worth?
 - What type of trade agreement has been agreed?
4. What benefits could a deal such as this have for Kenya? List and explain at least 3.

Challenge:

Why do you think a trade agreement like this is important to the UK?

A new trade deal.

Talks on a new trade agreement between the U.K. and Kenya were completed on November 3, 2020, nearly 55 days before exiting the European Union (EU) protocols. Officials signed the draft documents and will await the formal signing ceremony. The new "agreement will provide continuity for businesses, investors and supply chains besides setting foundations for further economic development," Kenya's Trade Cabinet Secretary Betty Maina said. The deal ensures that tariff-free trade can continue between the two countries. The UK voted to leave the EU in 2016, and formally left the trading bloc in January this year. It has a changeover period up to December 31, 2020 during which time the UK has been signing new agreements to replace deals it had signed with countries under the EU trade bloc.

Top goods imported to the UK from Kenya in 2019 were coffee, tea and spices (£121 million), vegetables such as sugar snaps and snow peas (£79 million) and live trees and plants, mostly flowers (£54 million). The UK market accounts for 43% of the total exports of vegetables from Kenya as well as at least 9% of cut flowers. This new agreement will support Kenyans working in these areas by maintaining tariff-free access to the UK market and be beneficial to the export of products such as tea, coffee, vegetables and cut flowers. It also guarantees continued access for UK exporters to the Kenyan market, as the UK will have free access to import vehicles, pharmaceuticals (medicines), and paper worth almost £800 million.

The two governments agreed to work to protect products from the eight percent duty (a type of tax on goods entering or leaving a country) which will be charged once the UK fully leaves the European Union in January. The trade deal will allow British and Kenyan companies to expand on trade already worth £1.4 billion a year.

Self-Assess your answers for the key terms matchup:

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