International Trade & Linkages — Worksheet

Part A — Linkages, trade intensity and trade policy

This worksheet builds the foundation for Unit 3: how Australia connects to the global economy, how we measure the importance of trade, and how trade policy shapes those connections.

Worked example — trade intensity. Exports $\$500b$, imports $\$460b$, GDP $\$2{,}400b$.

$(500 + 460) \div 2400 \times 100 = 960 \div 2400 \times 100 = 40\%$

Trade is equivalent to 40% of GDP — a relatively open economy.

When a question gives you data, **use it**: quote the figure and the trend. Markers reward responses that refer to the stimulus rather than answering in the abstract.

Identify the linkage

1. For each event, name the linkage channel (trade, investment, tourism or immigration) and state whether it is an inflow to or outflow from Australia:

(a) A Japanese firm buys a 30% stake in an Australian gas project. ______________

(b) 40,000 Chinese students enrol in Australian universities. ______________

(c) Australians take 1.2 million holidays in Bali. ______________

(d) Australia grants 190,000 permanent migration places. ______________

Calculate and interpret

2. An economy reports exports of $\$410b$, imports of $\$370b$ and GDP of $\$1{,}950b$. Calculate the trade intensity ratio (to one decimal place) and state what it tells you about the economy's openness.

3. The following year, exports rise to $\$470b$, imports to $\$400b$ and GDP to $\$2{,}050b$. Recalculate the trade intensity and describe the trend.

Composition, direction and policy

4. Distinguish between the composition and the direction of Australia's trade, giving an example of each.

5. Define trade liberalisation and explain how a free trade agreement contributes to it.

6. Explain one reason why Australia's trade is heavily directed towards economies in Asia.