Chapter 5 Class Exam

Name:________________   **Score:____________**

Answer all questions

Suggested Exam Length: 40-50 minutes

Student Input (Pre-exam)

How confident are you about this exam?

What topic am I worried about before I look at the exam? Why?

What strategies did you use to study for this exam? What was the best one?

Which activities in class did you most enjoy for this topic?

Student Reflection (Post-exam)

How happy were you with your result?

What were the hardest questions? Why?

Is there any exam technique I should change/use again for my next exam?

What topics should I look over again?

(a) Discuss three reasons why trading blocs are important for businesses in the Irish economy.

1.
2.
3.

(b) Identify one trading bloc, apart from the EU and USMCA, that is relevant for Irish businesses.

(c) Read the information provided on K9 Connectables and answer the questions that follow.

K9 Connectables is an Irish company that designs and manufactures interactive dog toys. The business has been successful in the Irish and European markets and is now planning to expand into the United States. Entering this large new market offers growth opportunities but also brings challenges that must be considered.

Outline three factors K9 Connectables should consider before expanding into the United States.

1.
2.
3.

(d) Explain, using an example, how globalisation can increase interdependence for countries like Ireland.

(e) (i) True or False: Tick (✓) the correct box for each statement:

Statement	True	False
If invisible exports decrease, the balance of trade decreases.		
If total imports are less than total exports, there is a balance of payments surplus.		
An increase in visible imports will improve the balance of trade.		

(ii) Based on the figures below, calculate the balance of payments and balance of trade for Ireland. State clearly whether they are a 'surplus' or 'deficit'. Show your workings.

Visible Exports	€120bn	Visible Imports	€72bn
Invisible Exports (Services)	€65bn	Invisible Imports (Services)	€81bn

Balance of payments

Balance of trade

(f) Evaluate the role of technology in globalisation under any **two** of the following headings:

Trade, work practices, and how the business operates.

1.
2.

(g) Explain two ways the Irish government, through IDA Ireland, attracts and promotes Foreign Direct Investment in Ireland.

1.
2.

Chapter 5 Marking Scheme – Total 94 marks

(a) 15m – 3 @ 5m 2+2+1 – Discuss so additional mark for additional expansion state, explain, expand.

(a) Discuss three reasons why trading blocs are important for businesses in the Irish economy.

Access to larger markets
Trading blocs remove tariffs and customs checks, giving Irish businesses access to over 450 million consumers in the EU Single Market. This increases sales opportunities and allows firms to grow beyond the limits of Ireland's small domestic market. Greater export sales also boost employment and income in the Irish economy.

Reduced costs
Membership of a trading bloc allows Irish firms to import raw materials and components tariff-free from other member states. This lowers the cost of production and helps Irish businesses compete internationally. Lower input costs can also make Irish products more affordable for consumers abroad, supporting further export growth.

Spin-off opportunities
When multinationals locate in Ireland to access the bloc, they often rely on local Irish businesses for supplies and services. This creates valuable contracts for Irish SMEs and encourages new business start-ups. These spin-off effects spread the benefits of FDI more widely across the economy and help develop strong clusters in sectors such as ICT and pharmaceuticals.

Increased competitiveness
Trading blocs encourage greater competition by allowing more firms to sell into the same market. Irish businesses are pushed to improve efficiency and quality, which strengthens their position both in Europe and globally.

(b) 5m

Mercosur

(c) 12m – 3 @ 4m each 2+2 applied to K9

Exchange rates
A weaker euro makes Irish exports cheaper in the US, boosting sales and competitiveness, while a stronger euro makes them more expensive, cutting profits. K9 Connectables must consider this because exchange rate movements directly affect pricing decisions and financial planning.

Competition
The US pet market has many established brands, leading to strong competition. K9 Connectables must consider this because it needs to decide how to differentiate its products and whether it can win shelf space and customer loyalty, which may need market research.

Language and culture
Consumer expectations in the US may differ for packaging, flavours, or marketing approaches. K9 Connectables must consider this because failing to adapt could lead to poor sales or weak brand recognition.

Logistics and distribution
Shipping products to the US involves long distances and high costs. K9 Connectables must consider this because it needs to plan reliable supply chains to ensure products reach customers on time and still in good condition.

(d) 8m – 2 @ 4m

Globalisation increases interdependence by linking Ireland closely to other countries for trade, investment, and resources. Ireland depends on importing many raw materials and exporting finished goods, so changes abroad quickly affect its economy.

The Russian invasion of Ukraine disrupted global energy markets, leading to higher oil and gas prices in Ireland. This shows how events in one part of the world can quickly raise costs for Irish households and businesses, highlighting Ireland's reliance on international trade and supply chains.

(e) (i) 9m – 3m for each correct answer

- If invisible exports decrease, the balance of trade decreases. **False** – balance of trade only measures visible goods.
- If total imports are less than total exports, there is a balance of payments surplus. **True** – more exports than imports means surplus.

- An increase in visible imports will improve the balance of trade. **False** – higher visible imports reduce the trade balance.

Statement	True	False
If invisible exports decrease, the balance of trade decreases.		✓
If total imports are less than total exports, there is a balance of payments surplus.	✓	
An increase in visible imports will improve the balance of trade.		✓

(e) (ii) 17 marks total
BOP 2m formula, 5m workings, 3m correct answer (1m for number, 2m for "surplus")
BOT 2m formula, 2m workings, 3m correct answer (1m for number, 2m for "surplus")

Balance of payments
Formula: (Visible exports + Invisible exports) – (Visible imports + Invisible imports)
Workings: (€120bn + €65bn) – (€72bn + €81bn) = €185bn – €153bn = **€32bn surplus**

Balance of trade
Formula: Visible exports – Visible imports
Workings: €120bn – €72bn = **€48bn surplus**

(f) 2 @ 8m (2+4+2) Show judgement/limitation for the +2 "Evaluate"

Trade
Technology has expanded global trade by making it faster and easier for firms to reach new markets. E-commerce platforms, online payments, and advanced logistics allow Irish businesses to sell directly to customers worldwide. This increases export opportunities and reduces reliance on physical retail. However, greater dependence on digital systems also creates risks such as cyberattacks and technical failures, which could disrupt international trade.

Work practices
Technology has transformed how Irish employees work by enabling remote working, cloud collaboration, and instant communication across time zones. This improves flexibility and reduces travel costs. However, it can also lead to challenges such as staff isolation, difficulties in maintaining teamwork, and increased reliance on reliable broadband and IT infrastructure.

How the business operates
Technology improves efficiency through automation, data analytics, and global supply chain management. Irish firms can coordinate production, customer service, and delivery across multiple countries in real time. On the other hand, heavy reliance on technology means any disruption, like a

system failure or data breach, can quickly halt operations and damage reputation as well as increased investment and maintenance of systems.

(g) 2 @ 6m (3+3)

Financial supports and incentives
The IDA provides grants and other incentives to encourage multinationals to locate in Ireland. This reduces the cost of setting up and makes Ireland more competitive compared to other countries.

Site and skills support
The IDA helps firms identify suitable locations and supports infrastructure needs such as broadband and transport links. It also promotes Ireland's educated, English-speaking workforce, making it easier for companies to recruit the staff they need.

International promotion of Ireland
IDA Ireland actively markets Ireland abroad by highlighting advantages such as EU membership, a competitive corporate tax rate, and strong ICT and pharmaceutical sectors. This ensures Ireland remains visible and attractive to potential investors worldwide e.g. at trade fairs.