CURRENCY DEVALUATION

Devaluation is the reduction of the value of a country's currency in term of the value of the currencies of other nations of the world

EFFECTS OF DEVALUATION

1. Import becomes expensive :
2. Export becomes cheaper
3. Increase in export to earn foreign exchange
4. Reduction of importation
5. Creation of more employment opportunities
6. Expansion of local industries

WHY COUNTRIES IMPORT GOODS THEY CAN PRODUCE LOCALLY

1. To meet local demand

2. For trade relationship to exist
3. To carry out the principle of comparative advantage
4. When the citizens of a country develop appetite for foreign goods
5. Inadequate domestic industry

WHY COUNTRIES PRODUCE LOCALLY MADDE COMMODITIES WHICH THEY CAN IMPORT CHEAPLY

1. To protect infant industries
2. To conserve foreign exchange
3. To encourage consumption of locally made goods
4. To be self-reliant
5. To   raise revenue through excise duties
6. To create employment opportunity

ASSIGNMENT

Write briefly on commodity terms of trade and commercial policy in international trade