

International Trade Theory and Policy





Alyssa Coleman

International Trade: Theory and Policy

Edited by Alyssa Coleman



Published by Willford Press, 118-35 Queens Blvd., Suite 400, Forest Hills, NY 11375, USA

Copyright @ 2018 Willford Press

This book contains information obtained from authentic and highly regarded sources. All chapters are published with permission under the Creative Commons Attribution Share Alike License or equivalent. A wide variety of references are listed. Permissions and sources are indicated; for detailed attributions, please refer to the permissions page. Reasonable efforts have been made to publish reliable data and information, but the authors, editors and publisher cannot assume any responsibility for the vailidity of all materials or the consequences of their use.

Trademark Notice: Registered trademark of products or corporate names are used only for explanation and identification without intent to infringe.

ISBN: 978-1-68285-527-0

Cataloging-in-Publication Data

International trade: theory and policy / edited by Alyssa Coleman.

p. cm.

Includes bibliographical references and index.

ISBN 978-1-68285-527-0

- 1. International trade, 2. Commerce, 3. Commercial policy.
- 4. International economic relations. I. Coleman, Alyssa.

HF1379 .I58 2018 382--dc23

00078045

For information on all Willford Press publications visit our website at www.willfordpress.com



Printed in China.

Contents

NEW CENTURY

	Pre	eface	v ı
Chapter 1	Fundamentals of International Trade		1
	i.	International Trade	
	ii.	Trade Finance	
	iii.	Letter of Credit	
	iv.	Trade Credit Insurance	
Chapter 2	Un	derstanding International Trade Risks	59
	i.	International Trade Risk	59
	ii.	Features of International Trade Document	75
	iii.	Terms Associated with Export-import Pricing	76
Chapter 3	Exc	change Rate Theories and Arithmetic	87
	i.	Exchange Rate	87
	ii.	Forward Exchange Rate	95
	iii.	Foreign Exchange Spot	105
	iv.	Foreign Exchange Swap	106
	v.	Cross Rates	112
	vi.	Interest Rate Arbitrage	117
	vii.	Triangular Arbitrage	128
	viii.	Exchange Rate Theories	131
	ix.	Effective Exchange Rate	150
	x.	Exchange Rate Pass-through	152
Chapter 4	An	Overview of International Parity Conditions	159
	i.	International Parity Conditions	159
	ii.	International Fisher Effect.	187
	iii.	Interest Rate Parity	
	Permissions		
	Inc	dex	





International Trade: Theory and Policy

About the Book

Exchange of goods, services, stock, capital, etc. across borders is known as international trade. Globalization and free flow of trade has helped the countries across the globe to participate in trade practices and develop their economies. The policies and theories related to the subject of international trade lay down various laws and rules which are followed by all the countries which engage in such practices. This book presents a detailed explanation of the various concepts and applications of international trade and how it helps the world economy. The topics covered in this extensive book deal with the core aspects of the subject. The textbook aims to serve as a resource guide for students and experts alike and contribute to the growth of the discipline.

About the Editor

Alyssa Coleman received her MSc in International Trade & Finance from the University of Glasgow, United Kingdom. She has conducted works on financial market forecasting. She is a renowned lecturer of undergraduate programs and travels extensively for educating students across the globe. Coleman has also won an "Excellence in Graduate Education award" for her outstanding contribution towards the student community especially in the undergraduate programs.





