



ANGLAIS

China Has the World's Biggest Trade Deficit... in Services

Not long ago, China's cheap currency and its large current-account surplus were the biggest controversies in global economics. American policymakers accused China of manipulating its currency for competitive gain and flew to Beijing to convey **their** displeasure. Some commentators blamed the global financial crisis on China's surplus and its accumulation of safe American bonds, which encouraged America's financial industry to invent lucrative, but toxic, substitutes. After the crisis, **they** then blame China's surplus for America's failure to export its way out of trouble.

The controversy has never entirely disappeared, but it has diminished. Having peaked at over 9 10% of GDP in 2007, the surplus narrowed to just over 2% of GDP (\$189 billion) last year, according to figures released last week. China's exports of goods vastly exceeded its imports, as always. But **this imbalance** was partially offset by another component of trade services. At \$122 billion in 2023, 12 China's services deficit is by far the biggest in the world. What lies behind this big gap? One industry stands out: TOURISM.

Five years ago, China earned a surplus from cross border travel. Visitors from outside the 15 mainland spent more in China than the mainland's own travelers spent overseas. But the number of arrivals fell last year by 2.5%. Meanwhile, the number of China's outbound tourists rose by 18 %. As a result, China's deficit in travel spending rose to \$80 billion in 2013, points out Thilo Hanemann of 18 the Rhodium Group, a research firm. Such trends suggest that China's surplus could narrow further. Zhang Zhiwei of Nomura thinks it will drop to 0.4 % of GDP by 2015. **This** will be helped by a less competitive Yuan.

Adapted from *The Economist*, February 15, 2014.

NB: Outbound tourists are tourists going out of the country.

I. READING COMPREHENSION: (10 marks)

A) The events listed in the box below are all mentioned in paragraph 1. Classify them according to the order by which they happened: 1st, 2nd, 3rd, 4th and 5th. The first event is given as an example. (02 marks)

Blaming China's surplus for America's failure ☼ Existence of a global financial crisis ☼
 China's surplus and its accumulation of safe American bonds ☼ America's failure to
 export its way out of trouble ☼ Invention of lucrative substitutes by America's financial

0. 1st event: *China's surplus and its accumulation of safe American bonds*

1. 2nd event: ☞ _____

2. 3rd event: ☞ _____

3. 4th event: ☞ _____

4. 5th event: ☞ _____

B) Read paragraph 2 and choose the correct word in parentheses to complete statements 5-8. (02 marks)

- 5. The controversy over China's _____ has diminished. (*surplus / GDP*)
- 6. In 2007, China's surplus reached its _____ percentage (10%). (*highest / lowest*)
- 7. China's trade balance has always been _____. (*negative / positive*)
- 8. In 2023, China's services deficit was _____ the biggest in the world. (*nearly / irrefutably*)

C) Fill in this table with information from paragraph 3. (04 marks)

Year or Ratio	Corresponding Fact or Piece of Data
9.	The year China earned a surplus from cross border travel
10.	Ratio of decrease in the number of people who visited China in 2013
11.	Ratio of increase in the number of Chinese visiting other countries
12.	Projection of decrease in China's surplus ratio

D) Indicate WHAT or WHO these words refer to in the text. (02 marks)

- 13. **their** (Line 3):
- 14. **they** (Line 6):
- 15. **this imbalance** (Line 11):
- 16. **This** (Line 19):

II. LINGUISTIC and COMMUNICATIVE COMPETENCE: (06 marks)

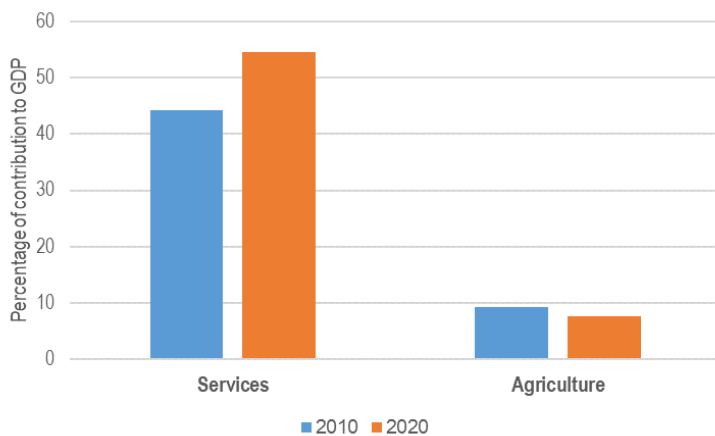
E) Complete the following paragraph with appropriate forms of the word in brackets. (02 marks)

What is trade deficit? Most countries are both importers and exporters. They sell goods that they have in abundance to other countries, while using international markets to buy any products that are in short (17) _____ (*supplier*) domestically. When the balance between imports and exports becomes oblique, a country can find itself in a trade surplus or trade deficit. In other words, a trade deficit occurs when a country (18) _____ (*bought*) more than it sells. The word "deficit" can have negative connotations; we use it to mean lacking or to describe shortages. When used in the context of global trade, this often leads to a supposition: that trade deficits are unequivocally negative for countries' (19) _____ (*economical*). They can be – but not exclusively. Notably, trade deficits allow countries to (20) _____ (*consumption*) more than they produce. This can help increase economic activity and boost living standards.

Adapted from <https://www.weforum.org/agenda/2022/11/trade-deficit-global-economy/>

F) Complete the following paragraph with information from the chart.

(02 marks)



China’s transformation from a poor country focused on subsistence farming to a highly industrialized economy, with a large services sector, has resulted in infrastructure development, urbanization, rising per capita income and a big shift in the composition of its GDP. China has a large and fast-growing services sector that is perfect for its economy. Indeed, the (21)

_____ sector accounted for 54.5% of the country’s GDP in (22) _____, up from 44.2% a decade earlier. The once dominant (23) _____ sector, in contrast, dropped from 9.3% to 7.7% of China’s GDP over the same period. Although (24) _____ now contributes less than 8% of its GDP, China remains the world’s largest pastoral producer, followed by India. Adapted from <https://www.investopedia.com/articles/investing/103114/chinas-gdp-examined-servicessector-surge.asp>

G) Reorder the following sets of words to make meaningful sentences.

(02 marks)

25. been recording / of oil. / since 1993 / trade surpluses / Kuwait has / due to shipments



26. is the / minus the / Trade balance / value of / value of / exported goods / imported goods.



III. WRITING: Choose ONE topic and write 150 to 200 words about it (04 marks)

Topic 1: According to you, what are some benefits a country can obtain from trading via a weak currency such as the CFA or the Yuan? What can be the drawbacks?

Topic 2: TECNO is a mobile phone manufacturer based in Shenzhen, China. They are promoting their new, elegantly designed smartphones on TV and social media. You are the Manager of a local phone retailer, and you want to be TECNO’s authorized agent in Senegal. Write their Director a letter to request official authorization. Ask for a catalogue of the new models and the technologies they use. (Below are addresses you can use in your letter)

George Zhu
CEO, Transsion Holdings
Shenzhen, China

Adama Gackou
Director General, SenTel SA
Route Nationale, Ranérou
Senegal

ANSWER KEY**I. READING COMPREHENSION:** (10 marks)**A) Event Sequencing.** (02 marks)

0. 1st event: China's surplus and its accumulation of safe American bonds ☼ 1. 2nd event: ☞ Existence of a global financial crisis ☼ 2. 3rd event: ☞ Invention of lucrative substitutes by America's financial industry ☼ 3. 4th event: ☞ America's failure to export its way out of trouble ☼ 4. 5th event: ☞ Blaming China's surplus for America's failure

B) Multiple Choice Statement Completion. (02 marks)

5. The controversy over China's *surplus* has diminished. (*GDP*)
 6. In 2007, China's surplus reached its *highest* percentage (10%). (*lowest*)
 7. China's trade balance has always been *positive*. (*negative*)
 8. In 2023, China's services deficit was *irrefutably* the biggest in the world. (*probably* /)

C) Information Transfer. (04 marks)

Year or Ratio	Corresponding Fact or Piece of Data
9. (2014-5=) 2009	The year China earned a surplus from cross border travel
10. 2.5%	Ratio of decrease in the number of people who visited China in 2013
11. 18 %	Ratio of increase in the number of Chinese visiting other countries
12. 0.4 %	Projection of decrease in China's surplus ratio

D) Referencing. (02 marks)

13. **their** (Line 3): ☞ American policymakers ☼ 14. **they** (Line 6): ☞ Some commentators ☼ 15. **this imbalance** (Line 11): ☞ China's exports exceeding its imports ☼ 16. **This** (Line 19): ☞ China's surplus drop to 0.4 % of GDP by 2015

II. LINGUISTIC and COMMUNICATIVE COMPETENCE: (06 marks)**E) Word Building.** (02 marks)

17. supplies 18. buys 19. economies 20. consume

F) Information Transfer. (02 marks)

21. services 22. 2020 23. agriculture 24. Agriculture

G) Word Set Unscrambling. (02 marks)

25. Kuwait has been recording trade surpluses since 1993 due to shipments of oil. (*or similar*)
 26. Trade balance is the value of exported goods minus the value of imported goods. (*or similar*)

III. WRITING (04 marks)

Please, grade this section according to the following scheme:

- Relevance of ideas ⇨ 02 marks
 Coherence ⇨ 01 mark
 Language Use ⇨ 01 mark
 Originality and Creativity ⇨ 01 mark